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DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT,

AND

INDEPENDENT AGENCIES APPROPRIATIONS FOR 2001

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS
SECOND SESSION

SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES
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INDEPENDENT AGENCIES APPROPRIATIONS FOR 2001

Tuesday, February 29, 2000.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

WITNESSES

HARRIS WOFFORD, CHIEF EXECUTIVE OFFICER, AMERICORPS
WENDY ZENKER, CHIEF OPERATING OFFICER
ANTHONY MUSICK, CHIEF FINANCIAL OFFICER

Mr. Walsh. I think we are ready. At least, we have the two principals of the subcommittee, and hopefully we will be joined by others.

Welcome back.

Mr. Wofford. Thank you, Mr. Chairman.

Mr. Walsh. I do not see a gavel anywhere, so please assume that I have made a gavel-like noise and we will begin.

This is the first of many hearings for the VA-HUD Subcommittee on Appropriations. We begin this morning with Senator Wofford. We would like to welcome you back, as well as your staff and supporters. With that we will begin our hearing for the 2001 budget.

The budget request for the Corporation for National and Community Service this year, for the portion under the jurisdiction of this subcommittee, is $538,700,000, an increase of $101 million over the fiscal year 2000 appropriation of $437,138,000.

I am joined by my colleague, the distinguished gentleman from West Virginia, Mr. Mollohan, who is the ranking Democrat on the subcommittee. At this time, I will offer Mr. Mollohan the opportunity to make any opening statement he might wish to make.

Mr. Mollohan. Thank you, Mr. Chairman.

I look forward to this hearing and join you in welcoming the witness this morning. I will have some questions after you are finished.

Thank you.

Mr. Walsh. Thank you.

Senator Wofford, we will include your entire statement as part of the record. If you would like to provide us with a summary, we can then move on to our questions about your program and your budget request.

Please begin.

oral statement

Mr. Wofford. Thank you very much, Mr. Chairman, and Congressman Mollohan and Representative Meek.

Mr. Walsh. I am sorry--I did not see you come in, Carrie. Welcome.

Mr. Wofford. I would like to introduce Wendy Zenker, the Corporation's Chief Operating Officer, and Tony Musick, our

Chief Financial Officer, at my right and left. And I would like to introduce two special colleagues who are here today--Bob Goodwin, President and CEO of the Points of Light Foundation, and Peter Gallagher, the President and CEO of America's Promise, and his colleague Page Cassidy. Their organizations were also launched by Presidents of the United States and are two of our key partners in the world of national service and community volunteering.

Mr. Chairman, let me begin by thanking you for your interest and support. You are a leader in national service at home and abroad, beginning long before AmeriCorps existed. And Congressman Mollohan and Representative Meek and your colleagues on the committee, I very much appreciate your support and interest.

Mr. Walsh. I will note that Congressman Goode from Virginia is also present.

Mr. Wofford. Good to see you.

I am delighted to present the President's request, which calls for increases in all of the Corporation's service programs and in the funds used to support the Corporation's operations. I want to use these opening minutes to bring you up-to-date on our top priorities of the Corporation.

Four and a half years ago, when the President asked me to head the Corporation, he gave me a very specific charge--to make national service a nonpartisan enterprise in which all Americans can take pride as they do with the Peace Corps and our armed forces.

As soon as I was confirmed, I was confronted with a second challenge--to strengthen the management practices of the Corporation.

These two imperatives have been my focus, and they are what I will report on briefly today.

As you know, the Corporation reports regularly to this subcommittee on progress in implementing our detailed action plan to strengthen management practices. Let me describe five key accomplishments.

First, we now have a strong and deep management team in place to lead our business operations. Since our meeting last year, we have added an exceptionally gifted Chief Financial Officer, Tony Musick; we have also appointed a Deputy CFO and a new Chief Information Officer. This team, along with our outstanding Chief Operating Officer, Wendy Zenker, has brought rigor and discipline to the Corporation's business operations.

Second, we have installed and implemented a new core financial management system that dramatically improves the Corporation's financial accountability.

Third, our computer systems made the transition to the year 2000 smoothly and successfully.

Fourth, all documents in the National Service Trust, which now number nearly one million pages, have been digitally imaged, making it easy, fast, and accurate to retrieve records.

Fifth, AmeriCorps grantees are now submitting information on members' enrollment, service hours and term completion to a secure Web-Based Reporting System.

On the program front, National Service is stronger, more vital, and more effective. The programs we administer help to make possible opportunities for more than one million

Americans, young and old alike, to engage in service.

Through the Learn and Serve America Program, young people in school are being challenged to take personal responsibility for the needs of their communities. Service-learning is taking root in schools throughout the country. A Department of Education study released last fall shows that one-third of America's schools now organize service learning for their students. Evaluations show that students who participate in service learning improve their academic performance, develop problem-solving skills, and learn the habits of good citizenship. I urge your support for this catalytic Federal investment.

In AmeriCorps over the past 5 years, people across the country have experienced the power of more than 150,000 AmeriCorps members getting things done. They have seen AmeriCorps members tackling problems in hard-pressed communities, helping organizations of the civic sector, while at the same time becoming future leaders of this country.

Let me emphasize that AmeriCorps serves as the junior partner supporting the important work of nonprofit educational and faith-based organizations. Some 900 such local, State, and national organizations select and administer AmeriCorps members, more than 40,000 strong this year. These AmeriCorps members are helping nonprofit organizations do their work better, smarter, and on a larger scale.

Let me quote what Tom Jones, Senior Vice President of Habitat for Humanity, recently said. ``Just in terms of the AmeriCorps Program, we now have about 775 service corps members involved. We are heading toward the 2 millionth service hour. We can count 1,372 Habitat houses that have been built as a direct result just of AmeriCorps. We know and can count over 177,000 Habitat volunteers who have been supervised by AmeriCorps volunteers.''

Habitat is one good example, but it is just that--one of many. That is why it is not surprising that after studying survey data and examining 60 programs, Aguirre International concluded that AmeriCorps effectively prepares young Americans for the future, strengthens communities, and builds the civic sector by providing people power to nonprofit organizations.

National service is challenging our citizens, especially young people, to take responsibility for something greater than their own self-interest, to become the new patriots of the home front.

Mr. Chairman and members of the committee, this is the fifth and I believe the last time I will have the honor of appearing before this committee. It has been a great privilege to head the Corporation, to work with you, and to see national service win more and more bipartisan support in Congress and around the country. I believe more than ever today, and I believe it with what Martin Luther King called ``the great urgency of now,'' that national service is at the vital center, at the core, of what we need to do to make the promise of America a reality for all Americans.

Thank you.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Walsh. Thank you very much for your opening statement.

Let me just say that I think the President chose wisely when he asked you to come and take this responsibility on. I think you have given it tremendous energy. Your idealism comes through loud and clear, and I think it is important that the program recognize the idealism in all of us. I--prematurely, I suppose--thank you for your years of service. We will see what happens but in any event, I think you have made some real strides in the administration. Of course, there will be some questions about that, but I think that that needs to be recognized. So I thank you for that.

Mr. Wofford. I appreciate it.

Program Administration And New Initiatives

Mr. Walsh. I will ask a few questions, and we do not have the 5-minute rule, but we will try to keep it within reason. There are only four of us here now, but I suspect others will come, so we will just alternate back and forth and proceed at pace. Hopefully, this will not take too long.

First of all, the budget request of $100 million is a real vote of confidence on the part of the administration, and I congratulate you for that. I do not know if we will be able to meet that request, as we have many priorities in this budget, but we will give it a serious look.

The budget request for fiscal year 2001 includes a $35 million increase for program administration, which is almost a 25 percent increase. In your justification material, you said: ``If Congress provides the additional funding requested, the Corporation will still have to make difficult cuts to operating costs in order to implement more critical initiatives.''

If you get a 25 percent increase, and that will still cause the Corporation to cut, why are you proposing new initiatives--for example, Youth Empowerment Grants, Community Coaches, and America's Promise?

Mr. Wofford. First, I would like to note that half of that increase in administrative funds that you have just cited is to support and strengthen and give special assistance at this point to the State Commission network, which is so crucial to the effective operation of the programs and the support of the 900-some different organizations that are using AmeriCorps members. Forty percent of the base--I will turn to our Chief Operating Officer.

Ms. Zenker. If I could just put the $35 million in context, within that program administration account, we also support in its base the State Commissions; so 40 percent of the $35 million goes to State Commissions, and 60 percent stays within the Corporation for our own program administration needs. When we are looking at the increase of $7.7 million above our base, again, a portion of that goes to State Commissions, and a portion stays with the Corporation. So our own increase for program administration--running the Corporation--is about $4.1 million.

Mr. Wofford. In response to the other part of your question, the President's Summit which launched the America's Promise Campaign to mobilize forces for children and youth is,

like the Points of Light Foundation, a key part of what I would call the effective delivery system of national and community service, just as the Points of Light volunteer centers around the country are increasingly agencies that use AmeriCorps members and are key to the organizations that AmeriCorps works in. America's Promise has developed an extraordinary network. They do not control, and they do not run it, but they supply tremendous new resources to organizations that AmeriCorps members are in, so that as AmeriCorps grows, with two-thirds of our assignments related to the five goals of America's Promise--our Board of Directors before the President's Summit had chosen children and youth as the special focus we would urge on State Commissions, and our special focus for the national grants that we give--and America's Promise is in that business related to the key problems of children and youth.

So they go together, Mr. Chairman, on the America's Promise point, and I can elaborate on that.

[The material follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Wofford. The other two initiatives we think are very promising initiatives which themselves are going to be essentially contracted out, so they will not substantially increase our administrative costs--the tapping of the service of former AmeriCorps members, the AmeriCorps Reserves idea, and the Empowerment Grants and the Community Coaches--we anticipate that in most cases, that is going to be by competitive bid with some of the great partnership organizations that have been working with us.

On the continuing service by AmeriCorps members, we have already created a partnership with Boys and Girls Clubs, Big Brothers/Big Sisters, the American Red Cross, the YMCA, and three or four other major organizations which are tremendously interested in finding out how to tap the continuing service of AmeriCorps members. And on the reserve, for work in disaster areas, the American Red Cross has had one of the most successful programs of AmeriCorps members called the Rapid Response Program, which started in Los Angeles and has spread around the country, where they have trained with the National Civilian Community Corps many, many teams of AmeriCorps members for disaster work, and we would expect they would play a key role in how we would operate such a reserve for times of national disaster.

Mr. Walsh. I have a number of questions. What I will try to do is keep my questions brief and if you can keep your answers brief, we will be able to get a lot more information out.

Mr. Wofford. I will try. I will do my best, and you can reproach me as we go along.

increased state commission funding

Mr. Walsh. I want to be polite, but at the same time, there is lots of information that needs to get out.

In the proposed increase in the budget, you propose and you mentioned that 40 percent of that goes for the State

Commissions, which will not require a State match. ``The purpose of this special classification of funding is to relieve the burdens on States, which have problems finding funding for the match.''

Why should we establish the precedent of waiving the match, when this whole system was based on a match, for this additional increment? Why should we be changing this?

Mr. Wofford. Well, my quick answer to that is that the greatest part of this system is based on the State Commissions working well and accepting their monitoring and grant-making responsibilities seriously. You could require a match for this extra money, but I would not recommend it, because in some cases, it is the very Commissions that for one reason or another in the State system cannot get increased money, but tremendously need it to do their jobs well, that would benefit most by this extra money.

Mr. Walsh. If the idea is to work cooperatively and support what the States are trying to do, it would seem to me that States that are willing to put up the money should get the match, and the ones that are not should not. If you are going to waive this portion of it, the next thing you are going to do is come back and ask us to waive the whole thing.

Mr. Wofford. Do you want to respond, Wendy?

Ms. Zenker. Yes. If I may, first let me assure you that we are not going to and we have no intention of asking you to waive the base portion of the match. We are concerned, though, that some State Commissions do need some additional support to help them do the basic monitoring and other recordkeeping requirements that we are imposing on them. Much like we needed some additional money to help us fix the management problems that have challenged us over the past couple of years, we think that an infusion of some cash into the State Commissions can help them fix some of the problems that are being highlighted in some of the reviews and reports that are being done, both by the Corporation and by other reviewers.

procurement

Mr. Walsh. Okay. On the fiscal management issues, the fiscal year 2000 budget submission indicates that the Corporation will eliminate or has eliminated four of eight material weaknesses in fiscal year 2000. Congratulations on that. However, the Inspector General has previously testified about nine material weaknesses. The ninth material weakness was procurement. How did the Corporation decide to omit procurement as a material weakness?

Ms. Zenker. Again, if I could just step back for a minute, when the Inspector General did her audit of our financial statement last year, within the financial statement audit, she indeed identified eight material weaknesses, and in other reports identified a ninth weakness--procurement.

Our expectation and hope is that we will be able to eliminate some of those. We are not telling you right now that we have been able to eliminate four of them; we are hopeful that when we see the results of the audit this year, we will see some of those weaknesses eliminated. We believe we have made some good progress.

Internally within the Corporation, we do think that procurement is a weakness, and we are addressing it and trying to train the staff that we have to do a better job, bring in one or two additional people with special skills, and to strengthen it in other ways through better written policies and procedures.

contractor performance report

Mr. Walsh. I will just ask one more question this round. The Office of Inspector General recently reported on the contractor which administered between $5 and $6 million a year in health care benefits to cover participants in the programs. The first report found the Corporation's oversight of the contractor to be seriously flawed. The second review covered the contractor's performance under the contract and questioned over $7 million in unsupported costs.

What is the Corporation doing to resolve the findings in this report, and what has the Corporation done to prevent a recurrence?

Ms. Zenker. Again, we have seen both of those reports in final. In terms of the Corporation's oversight of that contract, there are some areas in which we disagree with the Inspector General in terms of the weaknesses that exist, and other recommendations that we agree with.

With respect to the contract itself, that is entered into the audit resolution process. We are looking for documentation or other response from the contractor. We will take a look at that and through the process, resolve and disallow appropriate costs and try to strengthen the internal controls on that contract in the future.

Mr. Walsh. Does it strike you as unusual that there were $7 million of unsupported costs found by the Inspector General?

Ms. Zenker. I have to say not necessarily. When the auditors go out, they look to see if documentation exists. If a contractor cannot necessarily put their hands on that documentation, or the documentation is not adequate, an auditor is going to question it. Through the then 6-month audit resolution process, they have an opportunity to present additional information to us. If we find that acceptable, we might allow the cost. If we find it not acceptable, if they do not have documentation, we will disallow the cost and have them pay us back whatever they owe us.

Mr. Walsh. Thank you. Mr. Mollohan.

increase in americorps membership

Mr. Mollohan. Senator, you are requesting increased funding to allow you to bring AmeriCorps up to 62,000 members, as I understand--a 25 percent increase. That seems like a large increase. Are you confident, in times of a good economy and a tight labor market, that you can expand the AmeriCorps that quickly and maintain quality?

Mr. Wofford. Well, it has been extraordinary that we, in this good economy, have had such a good response to AmeriCorps. The National Civilian Community Corps has over 3,400 applications this year for 850 spots, and a number of our

programs report the same thing. I am confident that the response of young people particularly, but of all ages, for AmeriCorps would fill those positions, and I think we have the new structures, including the Education-only Award System, that can permit that growth in a way that could be administered effectively.

member demographics and attrition rates

Mr. Mollohan. Please describe your volunteer corps for us, and where they come from predominantly?

Mr. Wofford. The nature of the whole of AmeriCorps----

Mr. Mollohan. Just demographically--who is the average volunteer.

Mr. Wofford. Well, let me see--about 40 percent of the 40,000 presently have completed college. Let me give the education first. Twenty-one percent have finished high school. Nine percent have had less than a high school education. Six percent have graduate degrees. Another 36 percent have had some college and then joined AmeriCorps. The ages range--32 percent of the main AmeriCorps programs are between the ages of 18 and 21; 29 percent are between 22 and 25; and 30 percent are over 30. In terms of background, approximately half are white; 27 percent are African American; 3 percent are Asian, and 16 percent are Hispanic.

Remember that the selection of those members, except for our National Civilian Community Corps, is made by these 900-some organizations that use AmeriCorps members. Habitat often recruits from its outstanding college volunteers. So it is an extraordinarily decentralized system.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Mollohan. Do you think the dropout rate, which I understand is around 30 percent, those who do not finish their year of service, is an acceptable number? Is that the rate that will be experienced as the program moves forward.

Mr. Wofford. I'll ask Ms. Zenker to get me the statistics. It is not quite--we would not agree with your statement. Seventy-five percent of those who start earn an Education Award, and 78 percent of those who earn the award appear to be using it. They have 7 years in which to use the Education Award.

The difference between the figure--the reasons for the discrepancy between what you drew as a 30 percent dropout rate are twofold. One, there are some people who--``drop out'' is no description for it--they had compelling personal reasons.

Mr. Mollohan. Give me a better term. I am sorry I used it.

Mr. Wofford. Well, the figures I gave you are solid figures which we think are very reasonable compared to the non-completion rate of community college or public college students, or the Army, or the Peace Corps now--I think our record is probably ahead of that of the Peace Corps--but because of this decentralization, you have teaching projects of

several thousand AmeriCorps members. The University of Notre Dame runs one where they teach for 2 years in Catholic schools. In their first 2 years of operation, they lost one person out of 150--he went to become a priest. On the other hand, YouthBuild, an extraordinarily important and successful organization that has had several thousand AmeriCorps members--almost entirely high school dropouts--and it views as a success somebody who in the middle of the year gets a job. They do the building of Habitat or other homes; they learn building skills. So they do not consider it a ``dropout'' if sometime during the year, the member gets a job.

So to get an average out of all that is difficult; it is difficult to get one that is clear. But we think the present record of 75 percent of those who start earning an award--some of those who earn the award had a compelling personal reason, such as illness, to leave before the end of the year, and they received a pro rata award--we do not consider that a ``dropout.'' And then, some of those whom we do not give the award to because they leave, for example, to take a job in many cases--most cases--I would not call those ``dropouts'' either if they are in that category of disadvantaged young people who then go on either to a job or to education.

Mr. Mollohan. So you consider the retention rate and the reasons volunteers come in and go out to be a success and not a problem?

Mr. Wofford. It is not a problem as to the overall rate. There will be certain programs that would have problems recruiting. Sometimes it is because those programs are not as attractive, and sometimes it is because their recruiting technique is not as attractive. And if one particular program has a very high rate of people not finishing, that is a reason to look, and the State Commissions look to see if there is something wrong with that program. It needs to be done program by program, rather than overall average. The performance goal that we have reported in the performance standards that are incorporated in our performance plan sets the goal at 75 percent.

GAO Report

Mr. Mollohan. I appreciate that discussion and clarification. It seemed like a high number to me, but with that explanation, I think I understand it better.

I want to give you an opportunity to respond to a GAO report that was commissioned by the Senate Small Business Committee. I understand the Committee issued a press release based on the report which presented some criticism, and I want to give you an opportunity to comment on the findings of the report and give us your response to those findings and to the Senate press release.

Mr. Wofford. First, I recommend that members of the committee read the report if you have not. It is a useful report.

Mr. Mollohan. I will get right on it. [Laughter.]

Mr. Wofford. We view it as, with certain qualifications, an accurate report. It describes our system well. It found one of the most important things which that press release did not

note, which was a primary reason as we understood for the study in the first place, to see whether we were on track to fulfill our agreement with Congress and to bring our costs down from the Corporation's cost to an average budgeted cost of $15,000 per AmeriCorps member, and they found that we did. The report shows that we have fulfilled our commitment in that regard to Members of Congress.

Second, the press release said that private sector report was dwindling. The report notes that there is a proportional decrease of, they say, 2.3 percent in the proportion of the costs carried by the independent or other sources than the Corporation. They call it ``a slight decrease.'' They do not--and this is the main, not criticism of the report, because they make it very clear that they did not include the biggest way that we have increased private sector support, a major way, which is the Education-only Award Program, which Senator Grassley urged us on to, and we like. It is a tremendous new front of AmeriCorps. They did not include that. They included the State and national grant programs.

The Education Award Program was designed in significant part to increase private sector support--namely, in that program, except for a $500-per-member assistance for the organizations, we give the Education Award of full-time service, a $4,725 a year voucher to go to college or pay off your college loan. That is all we give. All the other costs of that program are carried by the organizations. Boys and Girls Clubs have 1,000 of these Education-only Award AmeriCorps members. We have had 30,000 members in the 3 years that this has gone on in the Education-only Award Program. If the private sector supports there were studied and reported, we will have had a very substantial increase in the private and independent sector carrying a major part of AmeriCorps now.

Thank you, Mr. Chairman.

Mr. Walsh. Thank you.

I would like to welcome to the subcommittee Congressman Goode. We are glad to have you with us and will give you the opportunity now to ask some questions.

funding history

Mr. Goode. Thank you, Mr. Chairman. It is a pleasure and an honor to be on your subcommittee.

Mr. Walsh. It is great to have you here.

Mr. Goode. Since I am new, I want to just ask you some short-answer questions. When was the first fiscal year in which funds were allocated and spent by AmeriCorps?

Mr. Wofford. Nineteen ninety-four; I arrived in October of 1995.

Mr. Goode. And how much was spent in 1994, just ball park?

Ms. Zenker. I think we are all going to turn to that chart, if you can give us one second.

Mr. Wofford. Just one minute.

Mr. Goode. And since you are looking at the chart, just tell me for 1994, 1995, 1996, 1997, 1998, and 1999.

Mr. Wofford. The total in 1994 was $365 million.

Mr. Goode. Okay. And in 1995?

Mr. Wofford. In 1995, $570 million, and then a recision

that settled for $468 million.

Mr. Goode. And then, 1996?

Mr. Wofford. Four hundred thousand.

Ms. Zenker. Four hundred million.

Mr. Wofford. You would wish that I was right. Four hundred million. In 1997, the same; in 1998, $425 million; in 1999, $435 million.

Mr. Goode. Okay. And what is the total number of employees that you now have for AmeriCorps?

Ms. Zenker. For the Corporation as a whole, we have about 600 people. I think only about 40 percent are funded out of our NCSA appropriation. We have support from two committees----

Mr. Goode. How much are funded out of this subcommittee?

Ms. Zenker. I'm sorry--I think it is about 40 percent, but we would have to get that figure officially for you for the record.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Goode. So about 240. Nationally, how many persons do you have in AmeriCorps--paid volunteers?

Ms. Zenker. AmeriCorps members, we have about 40,000 serving now, but over the course of the period of time that you ask about, we have had about 175,000 Education Awards that have been earned.

Mr. Wofford. No. We have had enrollments of 175,000.

Ms. Zenker. People who have enrolled--I am sorry.

Mr. Wofford. One hundred fifty-five thousand Americans have served in AmeriCorps. Some have served for 2 years.

Mr. Goode. Of the 40,000, just ball park, what do they generally get in a year--average.

Mr. Wofford. Well, it is pretty clear. They get from us 85 percent of, this year, $8,700, which is the VISTA standard pegged to the poverty level, and then they get an Education Award of $4,725, and they get health care benefits of something less than $1,000, and if they have children, they may get some child care support. That is what they get from us. In most cases, the programs using them stay at the standard $8,700, which will go up to about $9,000 this year.

Mr. Goode. The health care benefit, they get--you mentioned the dollar figure, but what is it?

Mr. Wofford. It is a minimal health care plan for a young person for one year of health insurance.

Mr. Goode. And then they get an educational benefit that is good for 7 years.

Mr. Wofford. Seven years; a voucher, either to pay off their college loan or to pay the college. It does not go to them, but they have a voucher that they give either to the bank or to the college.

Mr. Goode. Let me ask you about your grant program. What is the entity in Virginia that handles your grants?

Mr. Wofford. It is the Virginia Commission on National Community Service, and States can name it different things. I am not sure if Virginia has a director or--if anyone from the AmeriCorps team knows the Virginia Commissioner's name. Most of the Commissions are called the Commission on National and

Community Service. It is appointed by the Governor.

Mr. Goode. Okay. And what types of direct grants do you make?

Mr. Wofford. We make grants to national nonprofits or to multi-State organizations. The statement attached at the end of my written testimony in the appendix is related to a national grant to Habitat, where they have had some 775 AmeriCorps Members in these last few years. Also, through State Commissions, in many cases, local Habitat units get AmeriCorps members, and they also have VISTAs. But the national grant that Tom Jones is referring to in that statement is a national grant. The American Red Cross is an example of a national grant.

About 40 national multi-State organizations compete; they send in proposals for how they would use AmeriCorps members and the peer review--

Mr. Goode. Do these people who work for Habitat through AmeriCorps state that up front? I know I have worked on probably seven or eight different Habitat Houses, and my wife was on the board of the local Habitat for Humanity, and they had never heard, nor have I, of anyone with AmeriCorps in any of those associations. Maybe I just missed it.

Mr. Wofford. Well, I think Speaker Gingrich had not heard of it, either, until he went down to build the houses that Congress built here in Washington, two houses with a bipartisan team. That site has had an AmeriCorps team for at least 2, if not 3 years, and has played the key organizing part in building 20 houses--I think I worked on it in previous years--and they were the team that was running the site and telling Speaker Gingrich how to do what he did on the scaffolding and--

Mr. Goode. I have been to Keene, Virginia, Charlottesville, Franklin County, Danville, and Halifax County, and I have not seen one yet.

Mr. Wofford. Well, Habitat has something like 2,000 units, and more than two-thirds of them--or more than half--have no paid staff. The head of Habitat, Millard Fuller, has wanted to have an AmeriCorps person, especially a second-year trained one, able to go to every one of those Habitat units without paid staff. The units would not get Habitat members in those counties if they had not applied either to the State Commission or to Habitat nationally. But Habitat distributes the 600-some current people working in Habitat to those units that most want them and particularly to help organize ``blitz builds.''

So we would be delighted to know that they were there in those counties, but that will be up to Habitat.

Mr. Goode. It is possible that they were, but none have told me that.

Mr. Wofford. Lynchburg has been a very active center of AmeriCorps members serving, particularly--

Mr. Goode. Lynchburg is not in my District.

Mr. Wofford. It has had a college spring break ``blitz build'' that AmeriCorps members have organized now for at least 2 years, with hundreds if not thousands of college students.

Ms. Zenker. Mr. Goode, may I correct the number that I gave you earlier; I have found it in our book. There are 319 staff persons who are paid for out of our NCSA appropriation for this year--so not the 240 that I had estimated, but 319.

Mr. Goode. Thank you, Mr. Chairman.

Mr. Walsh. Thank you.

Mr. Mollohan. Mr. Chairman, why don't we appropriate a little more money here and make sure we get some volunteers down in Virgil's District. [Laughter.]

Lifting Cap on National Directs

Mr. Wofford. Mr. Chairman, one of the things before you is the question of the cap. Even though the Act calls for one-third to go to national nonprofits, Congress put a cap of $40 million on the national direct grants, and Habitat is one of many that would like many, many more AmeriCorps members if we can get that cap lifted. We have asked for a financial increase in the amount for the national direct in this budget presentation. Last year, you did not put the cap on here, and that was a step that would have been very valuable, but it did not go through the Congress in the end. That would enable Boys and Girls Clubs, Habitat for Humanity, the American Red Cross, if they have good proposals, to get more AmeriCorps members.

Mr. Walsh. Ms. Meek.

Private Sector and Faith Based Partnerships

Ms. Meek. Thank you, Mr. Chairman, and welcome, Mr. Goode, to the committee.

I am pleased to say, Senator, that because of the help that Congress has given you, you have improved and made steps toward improving the management of AmeriCorps, and it is significant in your findings here that it is going to have an improved value.

As decentralized as your program is, I can imagine how difficult it is to pull all this into one focus. It will continue to be a challenge, and I am sure you and your staff will continue to work on it.

In the Congress, there has been quite a bit of bipartisanship regarding AmeriCorps in that many times, many of the Democrats supported you, and Republicans did not--that is not all of them--and we would always have to fight for AmeriCorps. I see that that is changing, and there is more support from both sides now than there was in the beginning.

I am sure that one of the things that has helped in that is the types of partnerships you have entered into and the kinds of contacts you have had. How has this manifested itself in your program? Are you really developing those partnerships with bipartisan groups to show that you really mean to do this kind of thing?

Mr. Wofford. It is growing very fast, both with us nationally and with the State Commissions. You know, the first partnership is with Governors, and three-fifths of them are Republican, which is one source of bipartisan support. At the White House Dinner for Governors on Sunday night, I cannot tell you how many Republican Governors came to me to tell me how important the work was in their States. Governor Leavitt, head of the Governors Association, came and paid tribute to AmeriCorps members on the fifth anniversary.

Second, the State Commissions have been extraordinarily

successful in developing local partnerships. Bill Bentley, who is here, was executive director of the Florida Commission, and his successor is doing the same thing in Florida, creating local partnerships in communities to make the maximum use of AmeriCorps members.

We have an extraordinary partnership that we can write to you about with the Boys and Girls Clubs. They have put substantial resources, and they are among the largest users of AmeriCorps in the country.

If I could give you a report in writing on the partnerships across the board, I would appreciate being able to send it to you for the record.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Ms. Meek. So they are participating more in service and in volunteerism; that is what you are saying?

Mr. Wofford. Yes, yes.

Ms. Meek. So that does help.

I am concerned also about the role of private organizations and faith-based organizations in AmeriCorps. We talk about that a lot. Would you mind commenting about that in terms of how much benefit that is going to be to AmeriCorps?

Mr. Wofford. Well, it is another major front, and they are a part of this Education-only Award development. The faith-based organizations have responded enthusiastically to that, where they get only the Education Award, and they put up the other resources.

Ms. Meek. Are you working with them?

Mr. Wofford. Of the 40,000 AmeriCorps members this year, 6,000 are in faith-based organizations. Catholic Network of Volunteer Services has nearly 1,400, and it goes up and down from there. But since 1994, 13,000 AmeriCorps members, or 13 percent, have been serving with faith-based organizations. It is a growing dimension of AmeriCorps.

Congress specifically gave the authority in the Act for AmeriCorps members to serve with faith-based organizations if the members do not build churches and if they do not proselytize, and the faith-based organizations are getting AmeriCorps members to help give full-time service--and sometimes half-time, but mostly full-time service--to usually ecumenical programs or community programs, after-school programs, tutoring, homeless work that the faith-based organizations are engaged in.

We are very proud of that, and it is a major part of AmeriCorps. And one reason you do not know that this is going on is that the AmeriCorps members tend to wear an ``A'' on their t-shirts when they are doing hard work, but they are serving those organizations, and when they are on a Habitat team, their heart and soul is with Habitat, and so it is with all of these programs, so you do not necessarily--I do not want to say it is people power of a ``stealth'' nature, but it is under the surface.

The Peace Corps chairman was in, and it was one clear thing, where Sargeant Shriver and the Peace Corps selected the

members, recruited, selected, deployed, sent them overseas, sent them home if they were behaving badly--it was closer to the Marine Corps. This is the most decentralized investment by the Federal Government in the independent sector that I know of, and it is working--with challenge, with plenty of challenge. The challenge for these organizations is to be responsible, to report the service hours accurately. This new Web-Based Reporting System is enabling them much more easily to report on how many hours have been served by their members than we had a year ago.

Ms. Meek. That sounds good, and I know what you are doing in my area and all around the country, and I want to commend you on it. Hopefully, you will continue to get both private and public support.

Mr. Wofford. Thank you.

Ms. Meek. Thank you, Mr. Chairman.

Mr. Walsh. Thank you very much, Ms. Meek.

Ms. Northup.

Ms. Northup. Thank you.

Welcome. I would like to pursue some of the earlier questions if I may. I am interested in following up on the faith-based organizations being able to participate in the program. Would their participation come through the State Commission, which would then--you said earlier they choose what organizations can participate.

Mr. Wofford. They would come through three different sources--one, the State Commissions, which they can apply to, and the Commissions make the decision; second, they could put in a grant, as the Catholic volunteer agency's proposal and the National Council of Churches----

Ms. Northup. As a direct?

Mr. Wofford. --For a national direct grant; and third, similar to that, they can ask to have an Education Award, which is just the Education Award plus the $500. Many of them have chosen to do that, and that goes nationally to us.

Ms. Northup. Okay. And the Education Award--what do those volunteers get? They just get the Education Award----

Mr. Wofford. No, no. The faith-based or other organizations may give them the same as an AmeriCorps allowance; they may give them less----

Ms. Northup. Right, but AmeriCorps does not pay them.

Mr. Wofford. AmeriCorps--the Corporation does not pay them.

Ms. Northup. What would you do if a State Commission did not choose any faith-based organizations as people who could draw on the State AmeriCorps base?

Mr. Wofford. Well, the State Commissions under the Act have to give grants in the areas of education, the environment, public safety, health and other human needs; and second, they have to have a peer review system so that it is a fair competition. We would be concerned if we found that a State Commission had a procedure that was unfair or illegal. It would be illegal for a Commission to say, ``We refuse to give any support to faith-based organizations,'' but the autonomy of State Commissions is very considerable.

Ms. Northup. I am not saying that they would say that in their by-laws, but if, for example, education systems--as they are prone to do around this country--want to direct all

supplemental services through the education system--for example, our public school systems in many of our districts choose to use all of the social service money that is supposed to support services--they do not choose any faith-based organizations to make awards to. They want to keep it channeled within the school system, within the public social service system. So it would not be surprising if the school systems would not say to the Commissions: We would like all the volunteers who are interested in volunteering in the area of education to volunteer within the public school system, or in public services, rather than faith-based. So they acquiesce to that, and that keeps the same system going that has always been in place.

Do you all provide any direction or incentivize any of the State Commissions to provide services through a more diverse network?

Mr. Wofford. Well, I and my team have been very enthusiastic about the growth of assignments in faith-based organizations, and we have done a lot of evangelizing for that, but----

Ms. Northup. Let me ask you specifically if I may, then, does that mean that you have actually looked at--I know that you track what your direct grants are, the educational grants, but I am talking about what State Commissions direct. Have you looked to see how many thousands actually serve in faith-based organizations?

Mr. Wofford. We have the overall report of how many and by which organization, and I do not know without reading the fine print as to whether it distinguishes among which of the grants they received. We will send it to you for the record. But I know of no case--and because we have pressed this; I have trumpeted it--I know of no case where a State Commission has shown reluctance to entertain grant proposals from faith-based organizations, and we nationally are very proud of the Alliance for Catholic Education Program, which supplies teachers--Notre Dame gets five applicants for every position for these teaching jobs at an AmeriCorps standard of $8,700 or less.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Ms. Northup. Well, let me just point out to you that Notre Dame was almost cut out until the language was deleted from the Senate--almost cut out of continuing that program. So I think there was----

Mr. Wofford. I do not know about that.

Ms. Northup. There was language that came out that said the service must be performed in a public school.

Mr. Wofford. Not as far as I know related to our programs. I have never heard of that. I have never heard of it.

Ms. Northup. Well, we will go back and look at that.

Mr. Wofford. Maybe at the time the bill was originally passed.

Ms. Northup. At the time the bill was originally passed.

Mr. Wofford. I was managing the bill in the Senate, and I do not remember any such amendment.

Ms. Northup. We will go back and look at it.

Mr. Wofford. Congress has specifically put in our Act the provision that AmeriCorps members may serve with faith-based organizations.

Ms. Northup. Well, if I asked for a printout by State of the organizations in which AmeriCorps volunteers, would that be available sort of instantaneously?

Mr. Wofford. Pretty fast, yes.

Ms. Northup. Okay. I think that that is what I will do, then, because I am concerned about the increasing number of faith-based organizations in my urban district that are providing the educational support necessary for kids to succeed in school. I have never been aware, ever, of an AmeriCorps volunteer. I would like to know and give you credit for the volunteers who would be there, and if they are not there, I would like to speak up in behalf of those organizations.

Mr. Wofford. Good.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Ms. Northup. Let me ask you a couple of other questions about the total budget for your programs. You said specifically 300-plus individuals in administration are paid for out of this budget. As I remember--I am on Labor, HHS, and Education--they are paid for out of HHS senior volunteers--is that right?

Mr. Wofford. Yes--from 30 years of the Action Agency.

Ms. Northup. That is right.

Mr. Wofford. Those programs--Senior Companions, Foster Grandparents--

Ms. Northup. So is that where all the other money for administration comes from--from those programs?

Mr. Wofford. I am not sure I am getting your question.

Ms. Northup. Foster Grandparents----

Mr. Wofford. That other committee has Senior Companions, Foster Grandparents, R.S.V.P., which is 450,000 volunteers strong of over-55 volunteers, and VISTA. And to make it complicated, VISTA is a part of AmeriCorps, but it is funded in the other committee.

Ms. Northup. Will you be testifying for an additional fund for administration from that committee, too?

Mr. Wofford. Yes.

Ms. Northup. And have you targeted what you want that increase to be?

Mr. Wofford. Yes.

Ms. Zenker. Yes. It is about $3 million from that committee also, in terms of----

Ms. Northup. And percentage-wise, what is it?

Ms. Zenker. If you could give me a second to find it--since I did so poorly on the last percentage question, I would like to find it if I could.

literacy program

Ms. Northup. Yes.

I have been concerned about the quality of teaching in the

area of literacy, how we approach the area of literacy for youngsters, preschool and also first, second, and third graders. There is a great deal of research about the type of intervention that is very effective with those children, and NIH has done this research for years, but when I joined the committee 3 years ago, the Department of Education was almost unaware of it. Since then, they have become more participatory, and it is being applied in nine grade schools here in Washington, D.C., with profound success.

When Foster Grandparents, for example, came before the other subcommittee, their support in helping children learn to read was almost unknowing, with very little training, about how to help these children who are most at risk to fail learn to read.

Would you give me an idea of what level of professional training and how well you have coordinated with the most recent research on how children learn to read, and what sort of intervention is the most effective for children who are at risk to fail?

Mr. Wofford. Could I respond fully to you on Foster Grandparents in connection with the other committee and with a report to you on Foster Grandparents? Our largest literacy programs are in AmeriCorps through this committee, and we have just had completed a descriptive study of all the literacy programs of AmeriCorps, which we can provide to the committee, describing where they are, through what organizations they are working, and in many cases if not most, the methods that they are using.

The next stage of that study is not only to say that they are in programs that are using effective practices, but to try to measure whether they are actually succeeding in literacy work.

By and large, we do not supply teachers in the schools, but a major proportion of our assignments are in after-school programs, non-school-hour programs, weekend and summer programs. The competition for those AmeriCorps positions is among literacy programs that come from the community, in some cases from the school district, in some cases from faith-based organizations, and we will be very interested in your input in this.

We worked very closely with the Department of Education on what are the effective practices. We do not control what a local literacy program--Barbara Bush was the organizer of the Houston Reads Program, and I spent a couple of days there when they launched that program, and they were going at which of the methods should we use in this program. That was a joint partnership of AmeriCorps and universities and the literacy programs, and it is different than--most cities now have a Reads effort. I would love to talk to you more about it. I know I should not take any more time here on it. But it is something that we are evaluating very carefully at the national level, and we want to be plugged into the most effective practices.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Ms. Northup. I know my time is up, but let me just say that if many of your organizations are not using the correct techniques, you would not be alone in this. You can find it in schools of education that train our teachers. But there is quite a body of evidence that gives very good guidance in this area, and it is a shame that children who are 6 years old and are falling behind right now are in ineffective programs, when we have really good evidence--both evidence and application--of what really does work well.

Mr. Wofford. Let me come and learn something from you on this.

Ms. Northup. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. Walsh. Mr. Frelinghuysen.

Mr. Frelinghuysen. I am a little late, Mr. Chairman. Maybe I should yield my time.

Mr. Walsh. You are so late that it is your turn.

Mr. Frelinghuysen. It is still ``Good morning.''

Let me know if I cover some of the same territory, Mr. Wofford. First of all, good morning. It is nice to see you again.

Mr. Wofford. Good morning.

financial management system

Mr. Frelinghuysen. You have addressed the issue of whether you have a reliable cost accounting system. You have one in place this year. Last year--I was reviewing some of the minutes from this meeting--you did not have a reliable financial accounting system in place. Do you have one in place this year?

Mr. Wofford. I would like our Chief Financial Officer to answer that.

Mr. Frelinghuysen. In other words, I would like to start and get the answers that I did not feel were sufficient last year.

Mr. Musick. The short answer is no, there is no cost accounting system in place this year if you call a cost accounting system a system where people put their time in and identify every hour of what they are doing and how they are doing it.

The reasons for that are threefold. Number one, we just put up a new financial system. If you were to look at the old financial system, I am not quite sure it would have been capable of supporting a cost accounting system that you could have fed into that. We took a look at that, and we evaluated that.

Second, the other part of it is that in putting up the new financial system, there has been criticism about the organization and its ability to get its financial act together. It was very difficult, very complicated, and it took a lot of time to get the financial system up and in place.

Third, I think what we need to look at is do we want a cost accounting system, or do we want to determine cost accounting, what something costs. There are other ways of doing that without an elaborate system.

So again, the short answer is no, but for the reasons I have given, that really, the effort has been toward getting a

new financial system in place.

Mr. Frelinghuysen. So we do not have a cost accounting system, but last year--are you Mr. Zenker----

Mr. Musick. No.

Mr. Frelinghuysen. You are Ms. Zenker?

Ms. Zenker. Yes.

Mr. Frelinghuysen. Maybe I should address this to you.

Mr. Wofford. This is Mr. Musick, the Chief Financial Officer, who is in place since last year.

Mr. Frelinghuysen. All right.

Ms. Zenker, last year, you said in response to a question I asked, ``We do not have a cost accounting system, and we do not have plans in place right now to create a cost accounting system. We have identified what our most serious weaknesses are, and we are trying to fix those significant weaknesses. We are putting in a new core accounting system''--is that what you are referring to----

Mr. Musick. That is right.

Mr. Wofford. And it is in place and functioning well.

Mr. Frelinghuysen [continuing]. ``So that we will have better financial information that we can share with you.''

Is everybody satisfied with what we have in place?

Mr. Wofford. We have made tremendous progress, and we will see where our auditors think we have arrived in a month or so. But satisfied, no. As long as we have any material weaknesses or other weaknesses, you would not want me to be satisfied; but I am pleased that we have made tremendous progress this year.

Mr. Frelinghuysen. Do you anticipate that the Corporation will receive a clean opinion when the currently pending audit of fiscal year 1999's financial statements are submitted at the end of March?

Mr. Wofford. We know how much progress we have made from our point of view; we want to see their assessment. We hope we will. I am optimistic. But it would be completely out of line for me to predict what the auditors are going to report at this point. They are busily at work right now completing their audit in the next few weeks.

census

Mr. Frelinghuysen. Maybe we will move on to some less controversial issues. Relative to the Census, last year, we had a discussion about whether AmeriCorps had a role to play in the 2000 Census. Census Subcommittee Chair Dan Miller of Florida had proposed using some of your volunteers to go into hard-to-count areas, rural areas, inner-city areas. I think you were hesitant at that time to have any of your people be Census enumerators, but you were somewhat open to the idea that they could help with outreach programs in some communities.

Did you meet with Congressman Miller, and did you meet with any of the Census people in this regard?

Mr. Wofford. I had a brief talk with Congressman Miller. As far as I know, he did not press that proposal for actually asking for the assignment of AmeriCorps members to the Census as Census workers. I do not believe the Census itself considered that. We have a partnership agreement with the Census that they are very pleased with. We have 40,000

AmeriCorps members, we have many thousands more involved in service learning in schools, and we have our Senior Volunteers, and we have tried to get our whole system to become champions of the Census, and the Census has been very pleased with the degree to which our network has responded.

I have been around the country this season, and there is tremendous interest in trying to get the people working with us, whether AmeriCorps members or service learning people in the schools, to go back and tell their parents, to get a full count. We are enthusiastic about what we have done to publicize and to cooperate, but of the 300,000 part-time workers the Census is hiring, I do not think they were interested in engaging AmeriCorps members in that, and it would have had to come through the State Commissions, because we do not control where they suddenly go.

Mr. Frelinghuysen. You are helping the Census, then, with its objectives.

Mr. Wofford. Very much, and enthusiastically, yes--and actively.

disability set-aside

Mr. Frelinghuysen. Relative to individuals with disabilities, the Corporation has a mandatory set-aside to foster placement of individuals with disabilities in national service. Further, the Corporation had a conference, I believe, in the summer, a couple of summers ago, and a follow-up conference on disability, which I presume occurred last month.

Mr. Wofford. Which I attended, yes.

Mr. Frelinghuysen. Yes. Can you tell the committee briefly the sorts of recommendations that have come out of these conferences, and the extent to which you have implemented either the 1998 recommendations or those that came out of the more recent conference?

Mr. Wofford. Some of the disability organizations were key in planning that conference. The UCP, United Cerebral Palsy Organization, actually organized and ran the conference. It brought together our network of commissions and programs with some of the major disability organizations, and everybody to whom I have spoken has felt that it was a tremendously successful conference in two respects--one, making clear to the disability organizations that programs of national service all around the country are actively interested in increasing the proportion of people with disabilities in their programs; and second, it put our network of State Commissions in this decentralized system in close touch with those organizations to increase the number of people with disabilities whom they use.

I would like to give you a further report on the results of that conference, but we are very committed to expanding our effort in that beyond the set-aside.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Frelinghuysen. Has the set-aside been met?

Mr. Wofford. The set-aside has not ever been fully met, but that conference was committed to going well beyond the set-aside in terms of the number of AmeriCorps members--there are two things. The set-aside was specific money to disabilities programs. The other half of this is getting this large, 900-organization network using AmeriCorps members themselves to seek people with disabilities, which would not be registered in the set-aside.

Mr. Frelinghuysen. So the organization is having some problem using the expenditure specifically for the disability----

Mr. Wofford. I am going to have to ask my colleagues to say what the present state of the expenditures are on the disability set-aside.

Ms. Zenker. Our concern right now is that the set-aside as it is described in the statute is too limited, and in our reauthorization proposal, we are suggesting some changes so that we can indeed get that money out into the community.

Mr. Frelinghuysen. How is it limited? Is it limited because people cannot get organized enough to use it, or are there some real restrictions that make it difficult?

Ms. Zenker. It is limited in the uses that can be made of that money, and we would like to be able to expand it so we can indeed get it out into the community. We can give you some more information.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Frelinghuysen. On both sides of the aisle here, there was a reason for putting in that mandatory set-aside. I think all of us know that there are a lot of organizations that are very strong advocates, and we would obviously like there to be some compliance with the law.

Ms. Zenker. We will have a proceedings of the conference that was just held printed up, and some materials that we can distribute both to our community, and we will also share them directly with you, and we will make ourselves available to answer any more questions.

Mr. Wofford. The purpose of this conference in part was to get a whole range of organizations that could put in applications to put in applications. We have been ready, willing, able and eager to get more applications, and we think this conference is going to produce that.

dc reads evaluation

Mr. Frelinghuysen. Would you briefly comment--your statement mentions a major literacy initiative in the District of Columbia. What does this program entail?

Mr. Wofford. It is not some separate program that we organize. It is the District of Columbia increasingly all-out efforts on----

Mr. Frelinghuysen. Mentoring and tutoring?

Mr. Wofford [continuing]. After-school programs, literacy. And we helped to organize the coalition of all the colleges and

universities in the city. We have had VISTA and AmeriCorps members in substantial numbers in 16 elementary schools who have been organizers of the literacy programs; they organize the volunteers coming from law firms and others in the District's literacy programs.

We have an evaluation study of that program, and I would like to send that to you if I may. It has been a big investment on our part of time and of AmeriCorps, and our senior programs have been participating as well.

Mr. Frelinghuysen. So you judge the efforts to date a success?

Mr. Wofford. Well, I would like the District of Columbia to be a city where we really take the challenge of the young people in this city and apply all of our resources with effect, and the District of Columbia is so far from what needs to be done in terms of assembling the resources that I do not like to use the word ``success.'' Our limited programs have been successful in those elementary schools, but there is so much more to be done, and I am personally pressing for more emphasis on that.

Mr. Frelinghuysen. And just briefly, how many people are being used in this effort?

Mr. Wofford. In the District of Columbia?

Mr. Frelinghuysen. Yes.

Mr. Wofford. I will have to give you a report on that. There are about 18 programs in the District of Columbia. I met with the program directors of those programs about a week ago, and most of them are engaged in it, and I will get you a report. I do not think I can give you a ball park number right now.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Frelinghuysen. I am sure we are supportive, but it might be good to know how many people are involved.

Mr. Wofford. Yes.

Mr. Frelinghuysen. Thank you very much.

Mr. Wofford. They range from an R.S.V.P. senior who gives 3 hours a week to full-time VISTAs and full-time AmeriCorps members, to half-time George Washington University AmeriCorps members.

Ms. Zenker. We have 340 tutors who operate under the D.C. Reads Program.

Mr. Frelinghuysen. Well, those are wonderful figures, and you ought to celebrate. If R.S.V.P. and other programs are part of the overall success story, those are the kinds of statistics that should be on the record.

Thank you very much.

Mr. Wofford. We will send that to you for the record. This is the evaluation of 2 years of that program.

Mr. Frelinghuysen. Thank you.

Thank you, Mr. Chairman.

Mr. Walsh. Thank you.

Mr. Price.

Mr. Price. Thank you, Mr. Chairman.

Senator Wofford, it is a pleasure to have you and your colleagues here today.

Mr. Wofford. Thank you, Mr. Price.

Mr. Price. I am sorry to hear that this might be the last time that you testify before us in this capacity.

Mr. Wofford. Well, I will be with you for the rest of this session, Mr. Price. [Laughter.]

Mr. Price. All right. We will count on that.

Mr. Wofford. An administration is coming to an end. I was the author in part of the 5-year Peace Corps rule, and that would be my 5 years.

Mr. Price. All right. We will count on these months ahead to be very productive ones, and I hope we can do as well as possible by your request. And I am glad to have you start off our hearings this year. This is the subcommittee's first day of hearings, and it is entirely fitting that you lead off.

disaster relief

Mr. Wofford. I am delighted that you have the right priorities.

Mr. Price. It probably will not surprise you to learn that I am going to talk briefly this morning about disaster relief, and I want to talk about that partly because North Carolina seems to have become a magnet for all sorts of natural disasters, especially this last year with the drought, and then Hurricane Floyd and the ensuing floods, and then an ice storm and a snow storm, perhaps the only benefit of which was that it kept me snowed-in from the State of the Union Message, which I watched in the comfort of my home.

The other reason, of course, that I want to bring that up here is that AmeriCorps has played an important part in disaster relief, particularly in the aftermath of Hurricane Floyd and the floods. I am speaking here of the National Civilian Community Corps in particular. Of course, this is not all that the NCCC does, but as I understand it, disaster relief is an important part of their mandate, and you have strengthened that component of your program considerably in recent years.

I also noted in the full text of your testimony that you describe the way NCCC works and how it is deployed, and we will consult that. You also note that FEMA and the Red Cross sought four teams for every one that could be provided for the relief of flood victims in North Carolina, which leads me naturally to ask if you could give us in a little more detail, both here, orally, and anything that you would like to supply for the record, the part that the National Civilian Community Corps played in helping victims of Hurricane Floyd, to what extent there is an ongoing presence, and how long you plan to have AmeriCorps workers in North Carolina to help in the relief effort, which of course goes on and on. Also, given this shortfall that you testified to in terms of the response you were able to make to the request from FEMA, how would additional resources help you improve on this relief effort? I believe you are requesting an increase in this account from $18 million to $21 million?

Mr. Wofford. Yes.

Mr. Price. How would that be deployed, and what might that kind of increase allow you to accomplish in situations that you are responding to around the country?

Mr. Wofford. Thank you.

General Andrew Chambers is here, who is in charge of the National Civilian Community Corps, which some of you may know was established by Congress the year before AmeriCorps was supported and signed by President Bush.

The additional $3 million would enable us to grow--which there is a tremendous demand for--from 850-some to 1,100-some members. The demand is tremendous. The cap on the NCCC, which has not had an increase in at least 3 years, if not 4 years, is a tremendous limit on what we can do.

James Lee Witt of FEMA has testified in Congress on the value and the tremendous need that he sees for more NCCC and more AmeriCorps members, and the Red Cross has said so, too.

As to North Carolina, South Carolina, and Virginia hurricanes--I will put in for the record more detail--but FEMA called up 17 team leaders and unit leaders and deployed them to Raleigh, North Carolina; Charleston, South Carolina had 16 from the Southeast Region; 15 and two teams from the Capital Region in Washington responded to the FEMA call in Franklin and Emporia in Southern Virginia--I seem to be going toward Virginia right now. As the corps members began their year of service in 1999, two teams from the base here in Washington and one from the Southeast continued to assist--a total of 39 team members--victims in North Carolina.

Mr. Price. I have run across some of these team members in the course of my visiting affected communities. I am not sure I have an overview, though, of all the activities they have been engaged in. What kind of range----

Mr. Wofford. What James Lee Witt and the Red Cross would both say--and I have seen lots of disasters, from North Dakota to Pennsylvania to others--the AmeriCorps teams are trained in disaster relief before they go in. They are in teams of 10 with a team leader. They move in fast and stay until they are no longer needed. They help organize the volunteers. When the Susquehanna overflowed its banks and knocked out 1,000 houses, the AmeriCorps team there was running the bank of volunteers. They had a databank on how many people and families were displaced from their homes, how many volunteers would work. They have become organizers of volunteers. They roll up their sleeves, and they do actual delivery of the food and assistance. But they work fast; they work night and day.

I have personally heard so many testimonies to the dedication, effectiveness and skill, and I am especially proud of what the NCCC has been able to do in disaster after disaster around the country. The Governor of Puerto Rico was just telling me a while ago what they had done down there during the hurricane and storm in Puerto Rico a year ago.

Mr. Price. I think you referred to 17 teams deployed to North Carolina----

Mr. Wofford. Team leaders.

Mr. Chambers. We went down with about five teams. The problem was we were out of session, and we were just getting them pulled back together for this year. So there were 17 team

leaders, and we followed that with teams as soon as they came on board.

Mr. Price. And the teams are, did you say, about 10 members each; is that right?

Mr. Chambers. That is right.

Mr. Price. Do you have figures on the number of people who were deployed, and also on what the continuing presence is?

Mr. Wofford. We have overall figures of 83,000 disaster victims assisted by NCCC teams in the last few years; 40,000 meals distributed; 780,000----

Mr. Price. In the last how many years--excuse me.

Mr. Chambers. That would be in the last 5 years.

Mr. Wofford. The last 5 years.

Mr. Price. All right. I would appreciate those specifics.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Wofford. We will get you a further report and, as you said, some details are in the written testimony.

Mr. Price. Yes, and whatever you can give us in terms of the kinds of requests that came from FEMA or other sources and the extent to which you were able with your existing resources to respond to those requests and the extent to which you were not--just an honest assessment of how your resources measured up to this series of requests. And if you could also give some information about the ongoing presence--this is a clean-up effort that goes on and on in terms of what it is requiring of all of us. You do not have that at the tip of your tongue, though?

Mr. Wofford. I have at the tip of my tongue that they have reached just about 50 disasters that they have served in these 5 years, and that FEMA and the Red Cross sought four teams for every one that we were able to provide for the flooding in North Carolina.

Mr. Price. All right.

Mr. Wofford. And similar requests have been made for most of the other national disasters.

Mr. Price. And if we could have some information on the continuing presence there and what that amounts to at the present, the number of people who are still working with these hurricane victims.

Let me ask you another question that picks up on some discussion that we had last year about how the Corporation is leveraging volunteers in the community. You told us last year that you were preparing a report on this matter, and of course, one of the things that most of us have witnessed about AmeriCorps in our communities is the extent to which these volunteers can make organizations work more smoothly and bring in volunteer resources--the AmeriCorps people are catalysts for much wider kinds of volunteer activities.

Do you have any numbers on the leveraging potential of AmeriCorps--the number of volunteers leveraged per AmeriCorps member, or some other way of getting a handle on what your effect is in this regard?

Mr. Wofford. Yes. For example, we have studies that have ranged from every AmeriCorps member on average leverages, recruits, organizes, helps administer 12 unpaid volunteers for every full-time AmeriCorps member. One study that looked at specific programs in 1997-1998 brought that up to 17 volunteers for every AmeriCorps member. Each of the different programs using AmeriCorps members is asked, and there is a priority put on it, to report how many volunteers of the unpaid, traditional kind are leveraged by AmeriCorps members.

In the Habitat for Humanity statement which is in the record for you, attached to my written statement, they list their count on just one of their programs. They have the full count, which would be even greater than what is reported by Tom Jones, the Senior Vice President of Habitat.

We have had a number of studies since then. Habitat, for just their national project, from the national direct grant over 3 or 4 years, says ``We know of and can count over 177,000 Habitat volunteers who have been supervised by AmeriCorps volunteers.'' We have a lot of information on that, and if we could present a separate summary of that for the record, I would appreciate it.

[The information follows:]

AmeriCorps Members Promote and Expand Volunteer Action

One of the goals of the Corporation for National Service and the AmeriCorps program is to increase the number of citizens who volunteer in service programs at the local level. AmeriCorps is meeting this goal. For the last year for which data are complete, 1997-1998, programs reported that approximately 26,000 AmeriCorps members recruited, trained, or supervised more than 456,000 nonmember volunteers

In tutoring programs alone, AmeriCorps members directly recruited over 100,000 volunteer tutors, and recruited and or trained nearly 80,000 students as peer tutors. A study to be undertaken by the Office of Evaluation this year will provide a detailed analysis of volunteer leveraging in AmeriCorps.

Mr. Price. I would appreciate that.

Mr. Wofford. I would call special attention to the emphasis on that point in the statement of 60 nonprofit organizations including the Red Cross, Big Brothers, Catholic Network, Girl Scouts, YMCA.

Federal funds constitute a small but strategic portion of the total resources which support national service. It is on page 2 of my written testimony, and I would call your attention to that. The full statement is in the appendix as to what those organizations feel in terms of how they have used AmeriCorps full-time members to expand their programs using unpaid volunteers.

Mr. Price. Yes, I think we have all observed that, and to the extent you can put some further precision on those numbers, we would appreciate it.

Finally, let me ask you about your ongoing emphasis on literacy training. I know that has been a major AmeriCorps activity from the start. One of the most visible impacts in my district was in working with some of the university-based

literacy organizations which were able to expand their reach a great deal by becoming a part of AmeriCorps.

To what extent is that a continuing emphasis, and is there anything we should know about this budget request that pertains to literacy training?

Mr. Wofford. To not only literacy training but the involvement of all parts of the national service effort in literacy efforts. The America Reads effort is a truly bipartisan effort of mayors, Governors, the President, Congress, and great nonprofit organizations.

I have to stress that we, in our grant guidelines, have told both the State Commissions and our national direct grantees that that is a very special priority. Congress gave us some special money to expand what we were doing with the America Reads efforts, and I think we have used that extra money very effectively--but we do not run the literacy programs, and we do not run the training programs. What the States Commissions do, and what we do with our national grants, is try to get all the information possible among competing grantees for AmeriCorps positions as to which ones are the most successful, which you have the most confidence in.

We are interested in studying how effective they are, and the first stage of a major study has been completed which describes what AmeriCorps members are doing in hundreds and hundreds of programs--I think 400 of our 900 grantees are engaged in some form of literacy effort and using AmeriCorps members for that. Depending on the school district or the literacy organization, they have different techniques, and some are probably more successful than others, and the State Commissions and we need to know which are the most effective. And the next stage of this study is to look at the most effective practices, as if we were sort of an R and D operation in which, with these 900 different programs, 400 of them in literacy, what can we report and distill as to what works and what does not work. I hope we will increasingly play that R and D role of reporting to this whole decentralized field the evaluation to let you know what to invest more in and what to stop investing in.

Mr. Price. Presumably, that would help you deploy your members more strategically, and then perhaps others involved in this war against illiteracy as well.

Mr. Wofford. Yes.

Mr. Price. Thank you very much.

Mr. Walsh. Mr. Hobson.

Mr. Hobson. Very briefly--nice to see you, Senator.

Mr. Wofford. Nice to see you.

Mr. Hobson. I have run into you in a number of places over the years----

Mr. Wofford. Flying here and there.

literacy program

Mr. Hobson [continuing]. Yes--and I want to thank you for your service to this country. You have had a distinguished career.

This question has been asked before but I would like to ask, again. On Saturday--this is just a little story--I went

into the shoe repair guy to pick up my shoes, and there was a teacher in the shop from one of the high schools. She thanked me for a Marine Corps ROTC program that I had gotten into the high school in a more economically challenged part of my district in my hometown. She said it has already changed--in the short time that it has been there, she said she has seen a number of young people, both men and women, who have changed just by being involved in the ROTC program. But she said one of the problems she sees in dealing with young people in this school is their ability to read. She said they have students at the high school level who are only reading at the grade school level. These people are not going to be able to compete in the world. If the area you live in is a very high-tech area, and if these kids cannot read and write, they cannot compete. They cannot use a computer. They cannot make change at McDonald's without looking at a picture, because many of them cannot read or make change if you give them the extra penny and they have already rung it up on their register.

I worry about what young people are going to be able to do in this society in the future if they cannot read and they cannot deal with the basic parts of life as it is going to be in the future.

So first, I would like to know--especially in Ohio--and I am being parochial now--what we are doing about literacy and how are you monitoring these programs in the States? But first, how do we monitor it, and what should we be doing more of, from your perspective in America?

Mr. Wofford. My perspective and yours on this appear to be exactly the same. I cannot think of a goal that should be more galvanizing than the goal to see that every young person reads well and independently by the end of the third grade so that they can then read to learn.

Your Governor, Governor Taft, has called for 20,000 reading tutors and mentors in Ohio--I believe his figures was 20,000. I will send you a letter that he just sent me asking for more AmeriCorps members as part of his Governor's initiative to help organize those volunteers.

[The letter follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

I think that great goals galvanize, and the real case for national service is when it can help meet a real, critical need. Here you have not only the President of the United States saying what I just said, but even before that, George W. Bush in his State of the Union, or State of the State, said: The prime goal of my administration is to see that every child learns to read by the end of grade 3 and then reads to learn.

I think there is a tremendous consensus on this. In his case, in Texas, that spirit spread down to the State Commission, and a very significant proportion of the large number of AmeriCorps members in Texas are engaged in literacy programs, some of them led by Barbara Bush. That is going on in State after State. Mayors are asking for VISTA and AmeriCorps members to help organize their Reads program in Philadelphia,

and when it looked like they might not get their full-time AmeriCorps members, you should have heard what the Mayor said about his literacy program, which is a consortium of colleges and literacy programs.

So we are committed to this being a major thrust of AmeriCorps, and related to it is, as you said, computer literacy. A major new commitment of ours related to it, which is also related to the goals of America's Promise, which Mr. Gallagher is representing here today, is to close the digital divide that is developing between the haves and the have-nots, particularly among young people, between those who have no support and no access to the internet and to the computer world, no coaching, and those who have it all.

I would predict that an increasing proportion of AmeriCorps assignments, from our State Commissions, from VISTA and from national grants, is going to be in that field. We are part of the partnership with America's Promise and AOL and Big Brothers/Big Sisters and YMCA to open computer PowerUP centers in this year; 250 communities is the plan, and they want AmeriCorps members, VISTA AmeriCorps members in this case, to be computer coaches, PowerUP coaches in each of those centers.

Ms. Zenker. If I could add one piece of information, we were able this past year, through what we refer to as the Governor's Initiative, to provide support in Ohio for about 60 AmeriCorps volunteers whose purpose was to recruit, localize, and leverage about 20,000 volunteers to go into the schools at the K through 4 level and tutor about 100,000 children. This was an initiative that the Governor submitted to the Corporation for funding, and we were pleased to be able to fund it. He is matching it with about $140,000 of his own, and we are putting in about $750,000 to $800,000 for these AmeriCorps members who are, as I said, 60 people leveraging 20,000 volunteers to get out and tutor 100,000 students.

Mr. Hobson. I think this is a good program. As you know, I voted for the AmeriCorps bill. And there has been some criticism over the years of AmeriCorps, but I think one area where you can gain commonality, gain people who might have in the past not been supportive, is to show this literacy program.

I will also tell you that we had a Speaker here not too long ago who wanted to give computers to every child in this country. He was very active in talking about giving computers to people. And people ridiculed him at the time. There were a lot of snickers from the media about his thinking about giving computers to people who were disadvantaged, asking, well, what are they going to do with them? And now I find that that has a certain social acceptance in the community. But at the time when that was suggested, it was met with a certain amount of snickering and----

Mr. Wofford. Not by me. I thought it was one of his best ideas.

Mr. Hobson. No. But if you go back and read, I remember that, because I even asked ``what is he doing?'' But now, I think the President has endorsed this idea, and there appears to be social acceptance.

But I do think that literacy is critical to the future of this country, and I think it helps you gain credibility with those who would sometimes question what you are doing if this

is a successful program.

Again, I want to thank you for your service over the years.

Thank you, Mr. Chairman.

Mr. Wofford. Thank you.

Mr. Walsh. That concludes our first round. I have just one question, but I will save it until last, and if anyone else has a question that they would like to ask at this point, let us know, and we will give you a chance.

Alan.

Mr. Mollohan. Mr. Chairman, I have some questions that I am going to submit for the record.

Mr. Walsh. All right.

Rodney or Virgil?

Mr. Frelinghuysen. No questions.

Mr. Goode. I have some, but I will submit three questions for the record.

Mr. Walsh. All right.

Everyone will submit questions for the record. I just have one last one, and I may submit also for the record. The question is in last year's bill, there was around $9 million in set-asides for U.S. Territories and Tribal programs. This year, the request is for only $5.4 million. Why the reduction?

Mr. Wofford. I will have to ask for some help on that. We have a real commitment to expanding work in Indian country.

Mr. Walsh. It seems like there is a substantial need there.

Mr. Wofford. There is a tremendous need. In terms of literacy, Governor Racicot of Montana is coming on our Board. Their Statewide literacy rate is better than the Nation's; 22 percent of the kids in Montana do not read effectively at fourth grade, but in Indian country in Montana, 85 to 90 percent cannot read in the fourth grade. In every challenge, we want to play a larger role in Indian country, and we have had a planning conference on just how to do that in the last 2 months. And I have been spending a fair amount of time in different initiatives that we have in Indian country.

Can you explain the amount?

Ms. Zenker. No. I think we cannot explain the amount adequately, and we would like to be able to get back to you.

Mr. Walsh. I think you need to, because I think if it were made fairly public that there was a 50 percent reduction in that effort, you would be criticized.

Mr. Wofford. Indeed; I understand that. I would note, though, that as with anything else that I have talked about so far, the State Commissions have a tremendous role to play, and in Montana, for example, the State Commission is very interested in an increasing proportion of AmeriCorps in Indian country, and it would not necessarily draw on that special money; it would be just regular money that the State Commission--in a number of States--is putting priority on.

Ms. Zenker. We have developed a working group with Indian tribes and actually have consulted with tribes over the last year--they have come to Washington two or three times. So we do have some strong proposals for increasing our support to Indian tribes.

Mr. Walsh. If you would get back to us on that, it would be very helpful.

Ms. Zenker. Yes, we will.

[Clerk's Note.--Please refer to agency response on page 311.]

Mr. Wofford. Thank you.

Mr. Walsh. We will also submit other questions for the record.

I thank you for your testimony and thank all of you for coming this morning.

Mr. Wofford. Thank you very much.

Mr. Walsh. That concludes today's hearing.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Thursday, April 6, 2000

FEDERAL EMERGENCY MANAGEMENT AGENCY

WITNESSES

JAMES L. WITT, DIRECTOR
JOANN HOWARD, ADMINISTRATOR, FEDERAL INSURANCE ADMINISTRATION
GARY D. JOHNSON, CHIEF FINANCIAL OFFICER
MICHAEL ARMSTRONG, ASSOCIATE DIRECTOR, MITIGATION
KAY GOSS, ASSOCIATE DIRECTOR, PREPAREDNESS, TRAINING, AND EXERCISES
LACY SUITER, EXECUTIVE ASSOCIATE DIRECTOR, RESPONSE AND RECOVERY
CARRYE BROWN, ADMINISTRATOR, U.S. FIRE ADMINISTRATION
KEN BURRIS, CHIEF OPERATING OFFICER, U.S. FIRE ADMINISTRATION
JOHN MAGAW, SPECIAL ASSISTANT TO THE DIRECTOR FOR TERRORISM PREPAREDNESS

Subcommittee's Opening Remarks

Mr. Walsh. The Subcommittee hearing will come to order.

This morning, I would like to welcome James Lee Witt, the Director of the Federal Emergency Management Agency, to our hearing on the agency's budget request for fiscal year 2001.

The budget request for fiscal year 2001 is $971.3 million for regular appropriations plus $2.6 billion for the emergency contingency fund for disaster relief. The amount requested for regular appropriations is an increase of about $98.5 million over the fiscal year 2000 appropriation.

Proposed funding for fiscal year 2001 includes new fire initiatives, expansion of the flood map modernization effort, and a buyout of repetitive flood loss properties. While most of your proposals are sound and worthwhile, I am not sure we will be able to accommodate such a large increase in this fiscal year. We will be working with you to identify your most pressing needs as we progress toward passage of the fiscal year 2001 bill.

Your entire statement will be included in the record, and after Mr. Mollohan makes an opening statement, you can proceed with your statement.

Mr. Mollohan.

Mr. Mollohan. Mr. Chairman, I would just like to welcome Director Witt to the subcommittee. This marks the seventh anniversary of Mr. Witt as Director of FEMA, and I think in

that 7-year period he has done such an outstanding job of organizing our emergency relief efforts and putting in place procedures and tools making us able to be effective and responsive in the face of disasters, and that has been apparent as he has approached each one of them. I would like to join you in complimenting him on his job, and in welcoming him to the hearing.

Thank you.

Mr. Walsh. Thank you. I would associate myself with all those remarks. I think the rest of members of the subcommittee would also.

Director's Opening Remarks

Mr. Witt. Thank you, Mr. Chairman.

Good morning, Mr. Chairman, Congressman Mollohan, and other members of the subcommittee. I appreciate the opportunity to appear before the subcommittee today to present our budget proposal for fiscal year 2001 on what is my seventh anniversary as Director of FEMA. I want to thank the members of the subcommittee for the support they have given FEMA and its programs over the past 7 years.

With your continued assistance on the fiscal year 2001 budget, we should be able to institutionalize many of the things that we have been working on to this point.

This morning I am accompanied by many senior officials from FEMA. Sitting next to me is Gary Johnson, our Chief Financial Officer. I just want to share with this committee that Gary deserves much of the credit for putting FEMA's financial house in order. Through his own and his staff's hard work and dedication that they have shown, FEMA's books have been straightened out. Last year for the first time, the fiscal year 1998 consolidated financial statements were given a clean bill of health by the Inspector General. And just last month, I was pleased the IG gave us an unqualified opinion for our 1999 statements. I am very proud of Gary and his staff for what they have done to put our financial situation in order.

I also want to take the opportunity to introduce a person who is a relatively new face at FEMA, although he is certainly not a new face to many of you. We are excited to have John Magaw with us now. As you know, John was formerly the Director of both the United States Secret Service and the Bureau of Alcohol, Tobacco and Firearms. He joins us at FEMA, as a well-known and respected law enforcement official in the community, to help us with interagency coordination of the terrorism-related efforts that we are putting together. We are very excited about having him at the agency.

Many of you know that this very likely will be my last House appropriations hearing. This is not only my seventh year but the end of the term for this administration. As I reflect on my career at FEMA, I think about what the agency should strive for in the future. and I keep coming back to the principle of responsibility. Today I hope that we can talk a little bit about responsibility--not only the responsibility of FEMA, but the responsibility of our partners at the State and local levels and within the fire service as well.

I want to tell you how important this budget is for

continuing to move us down the path initiated with our 2000 legislative initiatives for the future of not only FEMA but for the country and the customers we serve.

I also want to thank the subcommittee staff members with whom we have had the privilege of working for the last 7 years. I am sure you know the level of professionalism and commitment to public service that they bring to their jobs every single day. FEMA has benefited from their professional attitude and what they have done.

I want to personally thank Tim Peterson, Frank Cushing, Del Davis and the other staff, including Valerie, for that great cup of coffee she gave me this morning. [Laughter.]

Seriously, they have worked very closely with us, and they have always been very honest and forthright on everything, and we thank them for that.

Mr. Chairman, we will be happy to answer your questions.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

grants for burn care research

Mr. Walsh. Thank you. I am sure, as someone who has visited disasters across the country and all over the globe, a good cup of coffee at the right time makes a big difference in your day. I think it says something about you that you would recognize our staff for the work that they do. I don't think any of us do that enough, and we appreciate your recognition of their efforts.

Let me begin with some questions about burn research and fire safety. Congressman Weldon, who is as dedicated as anyone in the Congress to fire safety and to the men and women who fight fires in this country, proposed an initiative in the supplemental that is certainly worthy of discussion in this Subcommittee.

The fiscal year 2000 supplemental which passed the House last week includes an appropriation of $10 million for grants to safety organizations in conducting burn safety programs and to hospitals to conduct acute burn care research. What expertise does FEMA have which would enable you to conduct a peer-reviewed grant program for the purposes outlined in the legislation passed last week?

Mr. Witt. Mr. Chairman, the U.S. Fire Administrator, Carrye Brown, is here as is our Chief Operating Officer for the U.S. Fire Administration. I will be happy to have them follow on to my response. The expertise that we have in the U.S. Fire Administration, I believe, comes from working with firefighters throughout the country every day. I think this will facilitate the successful implementation of the grant program.

The long-term goals that we have set are related to reducing firefighter fatalities and injuries. In 1999 alone, more than 100 firefighters lost their lives while on duty. Approximately 90,000 firefighters are injured on the job every year. While I was in Hawaii at a conference, a high-rise

building caught on fire. Eleven firefighters were seriously injured in that one fire. We have seen quite a few fire injuries this year.

Grant programs along with research are important to protecting our firefighters. Our son, Michael, is a volunteer firefighter in our home county. He called me and asked if I could tell him the price of a turnout suit to fight wildfires. I asked, ``Doesn't your department have a turnout suit to fight wildfires?'' He said ``no.'' So, my wife and I are going to give him a birthday gift of a turnout suit to fight wildfires.

Also, when we were at home, I responded to a fire call with their fire department one day. I was really concerned that don't have the proper breathing apparatus to fight different types of fires. They don't have the ``bulletproof vest'' that they need to do their job and meet the challenges that them face out there every day. I think that any type of grant program that has well established criteria in order to be accountable, and provides protection for firefighters and emergency medical personnel would be helpful.

blue ribbon panel recommendations on burn safety

Mr. Walsh. Was the type of grant program that has been proposed included in the recommendation of the blue ribbon panel's review of the United States Fire Administration, which was concluded last year?

Mr. Witt. There are recommendations in the panel report that address such things as establishing a wellness program for firefighter personnel, modifying fire stations and fire training facilities, and acquiring resources for training, new technology, and specialized safety equipment.

Mr. Walsh. They didn't specifically address burn safety?

Mr. Witt. No, I don't believe so. Did the panel address burn safety programs specifically, Ken?

Mr. Burris. No, sir, they didn't specifically address it, but the very issue strikes at the core of all the recommendations, which is making a positive impact on the burn, death, and injury rate in this country. Part of that is treatment of the burn injuries after the fact.

The Fire Administration for many years has had programs in that particular area, such as our partnership with the National Safe Kids Campaign, and the Children's Hospital Burn Center here in Washington, D.C. We even have some ongoing programs and cooperative agreements with the University of Virginia on the psychological impact of burns.

Mr. Walsh. Is the correct repository for that program at FEMA, or would it be another Federal agency?

Mr. Witt. I think FEMA and the USFA would be the correct place for it to be, yes.

community participation in project impact

Mr. Walsh. Project Impact is your major pre-disaster mitigation program, and for fiscal year 2001 you are requesting $30 million. How has funding provided in prior years been leveraged? Do all communities who received grants in the past still actively participate in the program, or has there been a

drop-off in participation once Federal funding has ended?

Mr. Witt. All the communities are still participating. They have done a great job, and they are very enthusiastic about this initiative. We have approximately 185 communities, and we are hoping to add 50 additional communities this year. We have close to 1,000 corporate partners, and have been able to leverage $4.50 for every dollar that we've given a community.

We are sure that the savings in future disaster costs in these communities is going to be very significant. We had over 2,000 people at our conference in December, including mayors, city managers, and city council members. Because of the enthusiasm generated from this, some communities want to join whether or not they get any money, and go forward with their own prevention programs The excitement is really there, and we are seeing some fantastic things.

Tillamook County, Oregon, as an example, is elevating 69 homes out of a floodplain as part of their project.

Mr. Walsh. In Oregon?

Mr. Witt. Yes, Tillamook County. It is on the coastal highway, and in 1996 they had a terrible flood out there. They are literally lowering Highway 101 to use it as a floodway, rather than elevating their businesses. They are overlaying flood maps with land-use planning maps to help design their future development. It is all being done as part of Project Impact.

Headquarters Relocation

Mr. Walsh. The last question from me, at least for this round, is in regards to your headquarters relocation. Included in the budget is $23,628,000 for relocation. What is the timetable for relocation of your offices?

Mr. Witt. I wish it was this year. [Laughter.]

Mr. Walsh. You are not going to see it, I guess.

Mr. Witt. Probably not. The current timetable is sometime in 2002.

Mr. Johnson. Mr. Chairman, our lease expires at our headquarters location in August of 2001. The expectation is, assuming the funding is made available by Congress, that we would be able to effect a signed lease in fiscal year 2001. It is approximately a 20-month process, so we are looking at actually relocating around the June 2002 time frame.

Mr. Witt. Let me add to that. We have talked about this a bit, but I need to re-emphasize the importance of relocating from the current location with the public parking garage underneath for the safety of the employees of FEMA. It is also very important for the continuing operation of the agency. You know, under the Federal Response Plan, we coordinated disaster activities for 26 Federal agencies and the American Red Cross. When we have a major disaster, we have representatives from all 27 agencies in our emergency operation center, which is very small. It is very difficult to work efficiently in it, but we cannot expand it. We cannot do anything to improve it because we do not have the space. In order to have an operation center that will allow us to fulfill our disaster responsibilities and our coordinating role, we need that changed. That is part of the overall justification for the move.

Mr. Walsh. What do you expect the total cost for relocation to be?

Mr. Johnson. Mr. Chairman, the total cost for the relocation is estimated to be $32,460,000, but we also anticipate an increase in rent at the new location. If you add that rent increase of approximately $6.3 million, we are looking at a total figure of $39 million.

Mr. Walsh. And where do you anticipate settling?

Mr. Witt. We hope within the D.C. metropolitan area.

Mr. Walsh. You are in the city now, right?

Mr. Witt. Yes.

Mr. Walsh. You would not necessarily be in the city?

Mr. Witt. Yes. We need to be.

Mr. Walsh. All right. Thank you.

Mr. Mollohan.

Mr. Mollohan. Thank you, Mr. Chairman.

Contingent Emergency Appropriation

Mr. Witt, your budget requests roughly $2.6 billion in contingent emergency appropriations for the disaster relief fund in addition to $300 million in non-emergency appropriations.

I would first like to ask you: How are these amounts determined?

Mr. Witt. We used a 5-year average of obligations for disaster-specific costs, less Northridge, plus expected obligations through 2001, plus disaster support costs. That 5-year average has been pretty consistent, unless we have a catastrophic disaster.

Emergency Versus Non-Emergency Disaster Request

Mr. Mollohan. How do you distinguish between the emergency request and the non-emergency request and determine your amounts under those two categories? And is that similar to how the Congress has been dealing with this in the last several years?

Mr. Johnson. Mr. Mollohan, the administration, has continued this year, as in prior years, to abide by statutory language in the Dire Emergency Supplemental Approprations Act of 1992--Public Law 102-229--which provided disaster supplemental assistance to FEMA. That language states, and I will quote: ``Beginning in 1993 and each year thereafter, all amounts appropriated for Stafford Act disaster assistance, over $320 million, or the President's request, whichever is less, are to be considered emergency requirements.'' So we have continued with this course of action, going forward with a direct appropriation--our budget request is $300 million--with an accompanying emergency contingency requirement. I believe the Congress has reacted in varying ways. Last year you did appropriate a significant contingency fund with the President's request.

Mr. Mollohan. What would be the result if Congress just responded to your non-emergency request at this time and dealt with the emergency funding on an as-needed basis.

Mr. Witt. Well, I think it is smart to go ahead and budget

for what we would need based on the 5-year average. It gives Congress a better idea of what they are going to be spending, and also if we do not need the contingency fund, then we do not spend it. We were very pleased with the way Congress did it last year.

Mr. Mollohan. I know that it works well because it is in place, but I would just like to hear you talk about how this is a superior way of doing it.

Mr. Witt. It seems as though every time the Congress has to pass a supplemental for a particular disaster declaration, everything in the world gets added to the supplemental besides just the disaster money. I know it makes it difficult for you all.

Mr. Mollohan. You think that is a bad thing?

Mr. Witt. Not necessarily, but it depends on what is added on. [Laughter.]

I think it does make it more difficult. I was talking about responsibility earlier. I think we should be responsible and have funding in place and ready to go when we need it.

Grants To Fire Departments

Mr. Mollohan. If I might, go over a little bit some of the territory that the chairman covered, your budget proposes a new $25 million demonstration program of grants to fire departments to purchase safety equipment for firefighters. I would like for you to talk about this proposal, its rationale, and how it would work. I understand that this is a demonstration proposal. I would like to know how you would envision that demonstration being carried forward, and then get some sense of scale here.

I can understand the way it was brought to you personally through your son, but if the Federal Government gets into this, which I would support, if it came down to it--there are going to be large numbers associated with this. I would like to hear you talk about that and how you would do the demonstration program. How would you envision the grant program if it were scaled up and how much do you think the subcommittee would be looking at funding each year?

Mr. Witt. Ken Burris has been working on the criteria for the program. I think we have a good concept developed as to how we can implement this program to impact the most critical areas of need.

As I said earlier, the concern that we all have, and that Carrye Brown has been advocating on the front line is for the health and safety of firefighters. This is exactly what this program would focus on.

I would like Ken to tell you about the criteria we have been working on.

Mr. Burris. The program, as it relates to the $25 million, is for needy and distressed communities, which we are defining as those communities where 51 percent of the population served earn less than the median income. We plan to offer a competitive grant modeling program in those particular areas to encourage fire departments to innovatively address firefighter health and safety. This will allow us to take advantage of some modeling that can be replicated in departments across the country to address firefighter health and safety needs. There

has not been a particular cap placed on each grant, rather it will depend on available funding.

The very basic firefighter health and safety issue concerns personal protective equipment for people in the performance of their duties. That at a minimum includes bumper gear, helmets, and things. But health and safety stretches beyond that to include inoculation programs for hepatitis and other communicable diseases which would affect the emergency response population.

Mr. Mollohan. So at the first level, you would expect it to be a direct grant program from the Federal Government to some municipality or unincorporated area for its fire department. If you are talking about communities with less than 51 percent of the median income, you are talking about a lot of rural, unincorporated areas. These are grants directly to those fire departments for personal protective equipment.

Mr. Burris. Correct.

Mr. Mollohan. Okay. After the demonstration phase, you would anticipate it to be a direct grant program applicable across the country based on that criteria.

Mr. Burris. Yes.

Mr. Mollohan. Do you have a sense of how much money would be involved at the peak of this program? And does the program peak and wane? Or would that be a part of some information that you begin developing in your demonstration program?

Mr. Burris. That is part and parcel of the development of the program because with $25 million you can design one type of program, and with a larger appropriation you could expand it and design an entirely different program.

Mr. Mollohan. So part of the demonstration program is to answer some of these questions?

Mr. Burris. That is correct.

Mr. Mollohan. And you don't anticipate it being a formula program to the States and some sort of a competitive program from the State to the communities? You anticipate it as being a direct grant----

Mr. Burris. It would be a direct grant program to the local departments.

Mr. Mollohan. Would you have answers to these questions by the end of fiscal year 2001?

Mr. Burris. Which questions?

Mr. Mollohan. All the questions I have just asked that you couldn't yet answer.

I mean, how long do you think this demonstration program would last?

Mr. Witt. Do you mean will we have the program specifications completed by the end of fiscal year 2001?

Mr. Mollohan. Yes.

Mr. Witt. Yes, we should have a report to the appropriators on exactly what the $25 million in funding accomplished, and what it would cost to continue the program.

Mr. Mollohan. Well, depending on how far you go with this, I can just imagine it is costing huge amounts of money. Fire departments are insatiable, and they have these real needs, too.

Mr. Mollohan. I have one more question.

Let me ask you how your proposal differs from Congressman

Weldon's proposal, if you will. Could you comment, either of you?

Mr. Witt. Well, Congressman Weldon talked to me about his proposal, which focuses quite a bit on research. I haven't seen all the details on his proposal, but while it is related to public health and safety similar to what we are proposing, there is quite a bit of money for research, which is absolutely needed as well.

Mr. Mollohan. Would you be able to administer his program with the staff that you have?

Mr. Witt. No, sir. There is no way.

Mr. Mollohan. Have you looked at it and estimated what kind of an increase in staff you would require if his proposal became law?

Mr. Witt. I think there is a $3.6 million administrative cost related to his proposal. Isn't that right, Gary?

Mr. Johnson. Correct.

COST SHARING

Mr. Mollohan. Do you have any thoughts that you would like to give the committee or elaborate on any aspects of that legislation as the Congress considers it and as this committee has to react to it?

Mr. Witt. As I said, I think any dollars that we can provide for fire prevention and fire safety are important. Carrye has been out there working with communities on these issues for a long time now. I think, too, that there should be some cost share, at least 75/25, whether it is a soft match or whatever, that is part of Congressman Weldon's proposals. I don't think there is any reflection of that in his amendment.

Mr. Mollohan. I would just like to react to that. Coming from or representing rural areas that typically don't have any ability to cost share, and coming from a State that, for whatever reason, tends not to have programs that assist local communities in these cost-share programs, that becomes very difficult. One could argue that the State ought to get with it and have those kinds of programs, but some States have more money than other States. So cost sharing, while I can understand it and appreciate it, becomes very difficult when you actually get down to working with communities with the grants. You are always filing requests for waivers of the cost-sharing requirement.

Mr. Witt. Yes, that is true.

Mr. Mollohan. That should be looked at very closely as you work this demonstration program.

Mr. Witt. I think the one thing that helps a community to focus more and be more accountable--and I have been there at the local and State level--is the fact that if you have to cost share, whether as an in-kind service or a soft match, you buy into the responsibility for that program.

Mr. Mollohan. I do agree with that.

Mr. Witt. Yes, it can be an in-kind service to help make that match.

Mr. Mollohan. They need some ownership.

Mr. Witt. Yes, sir.

Mr. Mollohan. They need to care enough about it.

Mr. Witt. Absolutely.
Mr. Mollohan. I agree.
Thank you, Mr. Chairman.
Mr. Walsh. Thank you.
Mr. Frelinghuysen.

RESPONSIBLE DEVELOPMENT IN EMERGENCY MANAGEMENT

Mr. Frelinghuysen. Thank you.

Director Witt, thank you for the work you do and your colleagues. I think of FEMA every morning because I run, and as I head over from Washington over to Virginia, there is an older gentleman who wears a FEMA hat who runs the other way, and God only knows if I fell on my face whether he would be there to pick me up. [Laughter.]

I don't know whether he is a retiree or what. He may be even in this room. But whoever runs wearing a FEMA hat, I think of you each and every day.

Mr. Witt. We can get you one.

Mr. Frelinghuysen. No, I am not sure I need a FEMA hat. I might be called upon to do something for which I wouldn't be prepared or trained to do. [Laughter.]

You have a huge portfolio of responsibilities dealing with floods, hurricanes, potential earthquakes, potential terrorist acts, catastrophic fires, emergency food delivery. Just a simple question: If you were to leave a note on your desk as you depart, what frank advice would you give your successor? Because as you fly around the country, you have an overview which is unique and I am not sure you would be willing to say it here, you have seen, I assume, high levels of competency and high levels of total idiocy. And I was just wondering whether you have such a list.

I found it interesting in your comments that you say, ``Despite all our work''--and I quote from your remarks--``the real measure of our success won't be realized for many more years. If ten years from now all State and local governments take full responsibility,'' then you say ``If twenty years from now we are all working even harder to protect our emergency management responders,'' and then you say, and I quote, ``If thirty years from now, all citizens,'' I don't want to be too more rhetorical than I am. I don't think we have that long to wait. I assume you have seen some things out there and that there must be a list somewhere in FEMA. Would you give us the short list of things that we ought to be doing? And then I have some general questions that relate to New Jersey.

Mr. Witt. Over the last 7 years, what I have found across our country, in community after community, is that we really haven't accepted the responsibility from the local level all the way up to prepare our citizens by influencing where they build, how they develop, and how they are protecting our resources.

One thing that is clear is the fact that if we protect our natural resources, they are going to protect us, whether it is from hurricanes, floods, tornadoes, everything.

I have seen a huge turnaround in some communities that are putting in place better building codes, better building standards, and better methods of enforcement. In our

floodplains, where 75 percent of all disasters occur, some local governments are passing ordinances that they will not issue any building permits in the 100-year floodplain, This is a good thing, except one thing that concerns me more than anything is the fact that we now use a 100-year base flood elevation, and we need to identify the true base flood elevation in light of the intensity of events we are experiencing today versus 10 years ago. We are working with the Association of State Floodplain Managers and with the environmental groups to come up with the true base flood elevation. We have to build better and safer communities, because if we don't and these events continue, and the population and development continue around high-risk areas, we are going to pay a high price, not only in lost lives but the economy as well.

REBUILDING IN NEW JERSEY AFTER FLOYD

Mr. Frelinghuysen. Obviously, you dispense assistance and, I assume, a full dose of compassion, but I hope as you go around you put out a few markers that issues that are highly repetitive. You know, the local communities and States, and I include even my own, bear some responsibility for forecasting and looking ahead. Some States, maybe not all, do have surpluses, and I hope some of those surpluses are directed in these areas.

Let me thank you, first of all, for your assistance to New Jersey as we rebuild after Hurricane Floyd. In meetings with our delegation--and you were good enough to do that last week--you indicated that FEMA could provide some funds to New Jersey immediately. I understand this amount to be 50 percent of what FEMA estimates New Jersey will ultimately receive. April 1st was the target date for this disbursement. Did it occur?

Mr. Witt. Yes.

Mr. Frelinghuysen. It did.

Mr. Witt. The other allocation that we anticipate providing to New Jersey is to come out of the $215 million received for the buyout relocation program. Mike Armstrong has been working on the allocation for New Jersey.

Mr. Frelinghuysen. Well, there is money in the supplemental.

Mr. Witt. Yes, we are working on the first half of allocations of the money already received.

SUPPLEMENTAL FOR BUYOUTS

Mr. Frelinghuysen. How long can FEMA hold out without the additional disaster relief funds that have been put in the supplemental?

Mr. Witt. The $77 million?

Mr. Frelinghuysen. Yes.

Mr. Witt. Well, we are okay for now, but if this continues to carry out over several months, there is a point where the local communities lose the interest of the local people to even accept a buyout or offer. New Jersey is like Louisiana, in a sense. You don't really have a lot of places to build; therefore buyout relocation sometimes doesn't fit real well in

New Jersey. Sometimes elevation works better in New Jersey than buyout relocation. In Louisiana, which is 6 feet below sea level, elevation is an option that works well there. New Jersey is the same way.

PURCHASE OF FLOOD INSURANCE

Mr. Frelinghuysen. Our State is the fourth in the country in the number of flood-prone properties, as you alluded to, insured under the National Flood Insurance Program. A particular problem for people joining that program, as you are aware, is the requirement that flood insurance must be first purchased before one can get a disaster loan. It is not that people are against buying flood insurance. It is just that they are strapped for cash at that time.

Could part of a disaster loan be applied to the cost of the flood insurance, or can you suggest some other way to attack this type of problem?

Mr. Witt. As in New Jersey we found this problem in West Virginia where we had the floods a few years ago. In situations where people are qualified for the individual and family grant, but are very low income, and can't afford to buy flood insurance, we will purchase a 3-year policy for those individuals out of the amount of the individual and family grant. And it has worked extremely well.

Mr. Frelinghuysen. Individuals can receive loans and grants.

Mr. Witt. Yes.

GRANTS FOR SMALL BUSINESSES

Mr. Frelinghuysen. But small businesses can only receive loans. Should small businesses be able to receive grants as well?

Mr. Witt. Like farmers, who can only receive loans through the Department of Agriculture under their disaster loan program, small businesses can receive loans from SBA. Meeting the needs of individuals is FEMA's priority, rather than making grants to individual businesses. Businesses are there to make a profit. We're not trying to take anything away from businesses, but our goal is to help protect and enhance the quality of life for individuals and families. The SBA has a very attractive 4 percent loan program for small businesses, including those that may have an existing loan or mortgage that could be reworked and refinanced into that 4 percent loan, which helps them to not only rebuild their business but also incorporate prevention and make it much safer. I do not think we need a grant program for small businesses.

USE OF OTHER AGENCIES' TECHNOLOGY

Mr. Frelinghuysen. And, lastly--my time is up--getting back to some of my initial remarks, this committee has jurisdiction over the National Science Foundation and other Federal agencies. There is a lot on the drawing boards there that we are investing in in terms of new technology that I assume that FEMA accesses so you can do a better job. Is that something

which is occurring?

Mr. Witt. Yes.

Mr. Frelinghuysen. They are doing new investment in earthquake research and things of that nature. You are part of a collaborative effort.

Mr. Witt. Yes.

Mr. Frelinghuysen. And you access those types of projects.

Mr. Witt. Yes, sir, as well as initiatives being conducted by NASA. NASA has been very good to work with. If we could reduce the administrative cost due to NASA for things we ask them to do, that would help us a great deal.

Mr. Frelinghuysen. Thank you.

Mr. Walsh. Thank you.

Let's see. Mr. Price.

FEMA Buyout Program

Mr. Price. Thank you, Mr. Chairman.

Welcome once again to the subcommittee. I have enjoyed working with you over these many years, over the various disasters we have experienced in North Carolina. I have seen a lot more of you this last year than I would have wished, though.

Mr. Witt. Yes.

Mr. Price. We do appreciate what FEMA has done and what you have done personally. I am going to follow up on the line of questioning Mr. Frelinghuysen was pursuing. I was pleased to work with him to include in FEMA Appropriation bills going through at the end of the session last year and also in the FY00 supplemental bill additional money from HUD and USDA to help with the housing needs, and I would like to talk to you about where we are with the FEMA effort, in particular, and in North Carolina and other affected States from Hurricane Floyd.

I have been very impressed with the way you have worked in North Carolina as we continue to clean up. I have visited the various flood sites, but also your command center in Raleigh, which is truly an impressive conversion of an unused strip mall area into a disaster relief nerve center. And I don't know what the size of that was at the height of your operation, but it certainly was an impressive operation, and they have been very accommodating in letting me and other representatives know of the progress of the operations there.

I would like to spend a few minutes talking about this supplemental appropriations bill, where we are now, how the supplemental fits in. It is being held up in the Senate, we hope not permanently. There is, as I said, additional housing money for HUD and USDA. There is also $77 million in additional disaster relief money for FEMA, a large portion of that funding, of course, designed for North Carolina to assist with the current buyout program.

It is important to note, I think, that the State of North Carolina is providing significant resources for this effort, more than $800 million in State funds to assist in the buyouts.

Can you describe for us briefly how the FEMA buyout program works, what kind of gap it has filled? What kind of program existed before the FEMA program to assist in the relocation of families out of floodplains?

Mr. Witt. Really, the mitigation programs--for buyouts and prevention--have been in place at FEMA for a number of years, but beginning with the flooding we had on the Mississippi River in 1993, we have really focused on them. Just after that, Congress amended the legislation to raise the percentage of money that could be used for prevention from 10 percent to 15 percent of the total cost of the disaster, which helped a great deal.

Since 1993, we have been really pushing to buyout, relocate, or elevate properties in the 100-year floodplain. We have bought out close to 20,000 pieces of property since then. That will save disaster dollars in the future, but more than that, it has enhanced the quality of life in communities. It has helped the environment and protected it. But mainly it took people out of a bad situation.

The buyout relocation in North Carolina is extremely important because of the devastation there, and the homes that were affected in the 100-year floodplain, and even outside that floodplain. When you have close to 4,000 homes totally destroyed--I mean, totally destroyed--and over 12,340 homes with 2 feet or more of water in them, it is pretty devastating. But the buyout program has been very successful.

Mr. Price. What was available before was just sporadic kinds of assistance through community development funding and other programs, so this really did fill a gap or met a need that was not being addressed by any other program.

Mr. Witt. Absolutely.

Mr. Price. What kind of structures are you buying? Do you have any demographic data on the type of families who are eligible for this program and who is being helped, any income-level figures?

Mr. Witt. We don't have a means test on this program.

Mr. Price. I know you don't. But who usually gets the help?

Mr. Witt. It addresses properties within the 100-year floodplain that have had 50 percent or more damage. I would say, a high percentage of the properties that we have bought out have been owned by low-income persons because a high percentage of property that is located in the 100-year floodplain is the cheapest property.

It is not to say that there has not been a $300,000 or $400,000 home that has been bought on occasion, as the overarching goal is to get as much property out of the floodplain as we can in order to keep the flooding from happening again, but as we have seen in North Carolina, a very high percentage is low-income housing.

Mr. Price. Well, if you could furnish for the record whatever kind of mean figures you have or median figures you have on the kinds of families that are actually being helped and the kinds of properties to which this program is mainly applying----

Mr. Witt. Yes, we can break it down to percentages for you and provide it to you.

[The information follows:]

At this time, State applications for buyout funding have not been completed. Once applications are completed and processed, we will report to the Committees on Appropriation on

income levels of applicants.

Although specific information is not currently available, FEMA expects that low income property owners receive a high percentage of the funding available for buyouts. FEMA guidance to States seeking buyouts states that FEMA intends ``to use the funding to meet the needs of lower income households in the areas that are most affected by flood damage.'' Additional FEMA guidance caps the buyout award levels at $300,000.

Purchase of Flood Insurance

Mr. Price. Now, the issue, of course, comes up about flood insurance and why more people didn't have flood insurance, questions of how adequate the maps were and so forth. I am told that one reason is that a lot of these homes had been in families for years. They weren't still paying on mortgages, and, therefore, the provisions attached to mortgages that required insurance didn't apply.

Does that seem right to you? Is that a major factor? And can you describe in more detail why more people in this area didn't have flood insurance?

Mr. Witt. You are absolutely accurate in that a lot of the housing that we have seen flooded over the years has traditionally been handed down through generations and does not have a mortgage on it. Even though we are behind on flood mapping by 10 years and need to update them, we don't have the money.

But even if they were all updated, in some cases you are not going to get everyone that lives in a flood-risk area to buy insurance simply because they haven't been flooded, they don't have a mortgage on the property, and there is no incentive for them to buy the insurance.

The one thing that has helped is 1994's Flood Relocation Act that Congress passed that says if you get flooded once and you get Federal help, you are not eligible for those grants the next time unless you have flood insurance. Our programs aren't designed to bail people out. Our programs are designed to help people put a roof over their head temporarily, and the insurance is designed to help replace what they lose.

JoAnn Howard, the Federal Insurance Administration Administrator, is here today. We have a huge marketing campaign underway to get more people to buy flood insurance. Coverage has increased dramatically in comparison with what it was in 1994. We have gone from $210 billion to more than $500 billion in coverage as a result of the marketing campaign. It has increased, but yet we still have a long way to go.

north carolina's contributions to buyouts

Mr. Price. Now, you are working with North Carolina, which, as I said, has appropriated substantial funding for buyouts itself at the State level. How is that partnership working, that partnership with the State? In doing a comprehensive buyout effort, we are, of course, wanting to protect the Federal treasury from future claims and protect individual homeowners. Has there been a division of labor here that we ought to know about, or is this kind of instructive in terms of

future efforts? And then what is the situation with respect to the supplemental appropriation, the additional funding requested there? How effectively do you think those funds can be used?

Mr. Witt. Of the eight States that were declared in Hurricane Floyd, we first looked at North Carolina to determine from early estimates how much property would be eligible for buyout relocation or elevation. We are looking at $429 million.

What Governor Hunt and North Carolina legislators have done is basically something that I have not seen in the 7 years I have been Director of FEMA. They are enhancing the buyout relocation effort by some $800 million that they appropriated to give grants to individuals in the amount of $25,000 to rebuild outside the 100-year floodplain.

Mr. Price. And that supplements the your buyout amount.

Mr. Witt. Absolutely. I have never seen this done. It will make a huge difference in North Carolina, and I really commend them for doing it. It makes all of our jobs easier, and helps people rebuild much faster.

Mr. Price. Now, is that the main way this is working, to supplement buyout grants that you are already making, or are there some properties that are for some reason not eligible for the Federal program that the State covers? What is the division of labor?

Mr. Witt. A lot of times people will have a mortgage on the property, and this supplemental grant will help them satisfy that mortgage where our buyout program would not. Also, it will be used to purchase property outside the floodplain. In North Carolina a lot of the affected properties were manufactured homes. North Carolina has a huge manufactured-home business. The equity in a manufactured home is pretty much depleted over the years. A buyout will help them move to higher ground and buy another home to live in. This program will make a huge difference for the people in North Carolina.

Eric Tolbert, the State director in North Carolina, and Lacy Suiter, our Associate Director for Response and Recovery, have worked very closely, and have done an incredible job with a huge task. I can tell you, to anyone else, it would be totally mind-boggling to try to address all of the requirements and needs in North Carolina without a good strong program, and you all have a good program.

Supplemental Buyout Request

Mr. Price. Could you address the supplemental request, Director?

Mr. Witt. The $77 million is very important for us to finish what we have started in North Carolina and the other States, and we are very hopeful that we get it. You are talking about thousands of homes and decisions that people are going to make, and it is very important.

Support to States for Emergency Management

Mr. Price. Finally, if I could ask about another State-related matter, I know FEMA has proposed a State-managed disaster system that would allow States to have greater

authority following some of the smaller-scale disasters. The problem seems to be that there has been no funding increase to State and local governments' emergency funding for the past 7 years, so the capacity to take this on is not clear.

Why has there been an expansion of seemingly every other program and the addition of new programs such as Project Impact when the basic State and local capabilities are being held flat? And I guess a related question, could additional emergency management performance grants, EMPG grants, be used to help shore up those basic capabilities?

Mr. Witt. With the exception of 2001, we have asked for more funding for our State grants every year. This year is the first year that we have implemented the EMPG grant program. Before that funds were requested under the CCA or PPA, where the program pretty much required the State to spend this amount on this program. We have all been working very hard to get this to a grant program where the State can use the funds basically as they see fit to meet the risks in that State, through training, exercising, planning and development.

This is the first year for this consolidated grant program, and we want to make sure the program is solid. We want to make sure it requires accountability for the States so we can report back on what works, what is good management, and what we need. We need to make sure that it is working right before we expand it.

state management of small disasters

Mr. Price. Well, EMPG aside, there does seem to be a kind of mismatch between the notion that the States could have greater authority on these smaller-scale disasters and the kind of funding picture we have.

Mr. Witt. For the smaller-scale disasters, what we and the States working with us are trying to do is to come up with three levels of disasters: small disaster, medium-size disaster, and catastrophic, or Levels 1, 2, and 3. We want States to have the capability of managing that disaster Level I, small themselves, including managing debris, public health and safety concerns, infrastructure, bridges and roads and so forth.

We would have an FCO, a Federal coordinating officer, and about ten people to work with the State to provide technical support, but the States could manage that disaster. We would not have to set up a disaster field office, or have a huge number of staff there to help coordinate a small disaster. It will save disaster costs, and give the States an opportunity to really manage it themselves. Most of the States want to do this.

There may be one or two States that do not have enough staff to do it, and we will augment the staff and help them, but most of the States are ready and want to do this. Some States, such as North Carolina could probably handle a Level 2 disaster with the capability they have in place. We would continue to provide individual assistance because we have the processes in place. States agree to that, too.

Mr. Price. Thank you. Thank you again for all that you and your colleagues have done.

Mr. Frelinghuysen [presiding.] Thank you, Mr. Price.

Mr. Goode.

fire grants

Mr. Goode. Thank you, Mr. Chairman.

Let me follow up one thing, if I might, that Congressman Mollohan had asked you about, the $25 million demo project. I want to be sure that I understood you correctly. You said that the grants would be available to volunteer fire departments just the same as paid departments. Is that correct?

Mr. Witt. Yes.

Mr. Goode. If you were to get the appropriation, how many grants do you think you would--what would be your minimum grant and your max grant? Just ballpark.

Mr. Witt. This is Ken Burris, chief operating officer of the USFA.

Mr. Burris. We have not come to any definite number of grants because we have not put a cap on the grant amount that a particular jurisdiction would get. We do anticipate that it would be no fewer than a couple of hundred and certainly no more than four or five hundred, because once you start spreading that $25 million out over a large number of jurisdictions, it makes it difficult to have a positive impact in the arena of health and safety.

Mr. Goode. Yes, but what is the max grant you think you would want to award under this?

Mr. Burris. Well, in discussions, we've proposed the maximum to be in the area of $200,000.

Mr. Goode. Okay.

emergency food and shelter funding

I noticed you are asking for an increase in your emergency food and shelter fund to $140 million. Let me ask you this--and I know you work cooperatively, as you said in your statement. How much do you get from the Red Cross, just for instance, and the United Way? And are the taxpayers the main contributors to that fund?

Mr. Witt. This program is probably one of the best administered and at least costly of any program of the Federal Government. There are fewer than five people in FEMA administering this program.

Mr. Goode. I understand. That is good and is to be commended.

Mr. Witt. Yes.

Mr. Goode. That is fabulous. But, I mean, how much--does the Salvation Army participate in the fund, the American Red Cross? How much money does it get from the National Council of Churches, the United Way?

Mr. Witt. All of the organizations that participate in the emergency food and shelter program are contributing in communities every single day. They operate and maintain shelters, and probably contribute a lot more than we do.

Mr. Goode. They are contributing, I take it from what you say, rather than cash money, a lot of volunteer time and help.

Mr. Witt. And they do a great job. Through the National

Board, Kay Goss and the Preparedness Training, and Exercises Directorate work with the United Way, Catholic Charities, and all of the other organizations. They are well spent dollars to help people that are in dire straits. We have seen a huge increase in the number of people coming to shelters or needing food and shelter, assistance, and the numbers are getting higher.

Mr. Goode. But the overwhelming amount of the money, the cash money, is the U.S. taxpayer.

Mr. Witt. Yes, sir.

Mr. Goode. Very little cash, but, I mean, the contribution, as you say, is tremendous.

Mr. Witt. Oh, it is.

flood insurance requirements after flooding disaster

Mr. Goode. In time and energy.

To jump to another area--well, let me ask one other question, something Congressman Price asked you about. Congress passed a rule saying that if you lost your home because of flood, one time you are all right, but unless you have flood insurance, we weren't going to help you again. Are there any exceptions to that?

Mr. Witt. The 1994 Flood Insurance Reform Act says that if you get Federal help once in a flood disaster, then you better have flood insurance the next time because you will not be eligible for grants under the individual and family grant program or the emergency home repair grant, which is up to $10,000. We can still help a family with the individual assistance under the temporary housing program.

Mr. Goode. But you are not going to build back another house.

Mr. Witt. No.

flood map license fee

Mr. Goode. Okay. You have got proposed in your budget a license fee for flood hazard maps. Does this apply to everyone that wants a loan? You know, I figure that the way they shop for loan packages, if you don't have that sheet of paper, you are not--they won't--you are going to have to have it.

Mr. Witt. Actually, we have changed the proposal in the context that this fee would not be assessed against your bank if you were getting a mortgage and had to have your certification of floodplain elevation. This is now proposed as a map determination fee to be paid by the individuals or firms that do the elevation determinations.

Mr. Goode. Yes, but they are going to pass that along to them.

Mr. Witt. Probably. I would be tickled to death if Congress would give us the money to update the map program instead of having to assess the fee.

need for updated maps

Mr. Goode. I am sure you would. [Laughter.]

But don't you--let me ask you, on a refinance they would

want that sheet of paper in there saying that we have an updated map.

Mr. Witt. Absolutely.

Mr. Goode. I mean, you are going to have to have everything remapped. Isn't that right?

Mr. Witt. Well, we are 10 years behind now.

Mr. Goode. And some of them aren't accurate now.

Mr. Witt. That is right. Some communities can't make good planning decisions because those maps aren't accurate. What we are trying to do with the map modernization program is bring them up-to-date. If we can get the money, we can contract with the community and let the community do the mapping.

Mr. Goode. In making the maps, who decides where the 100-year floodplain is or the 20-year floodplain?

Mr. Witt. Basically, the Corps of Engineers establishes the base flood elevations, and then our technical engineers work with the Corps of Engineers.

Mr. Armstrong. We have hydrologists that work in our regional offices, and we also contract with people to do actual surveying. We are also trying to model new technology that would increase our ability to do more accurate mapping. But the surveying and hydrological engineering support comes primarily from the Army Corps and the USGS.

Mr. Witt. I just can't stress the importance of these maps. Every lending institution in the United States, real estate professionals, builders, and developers in every community need these updated maps. What we really need to do in the map modernization program is to digitize these maps, and put them on the Web so an individual, a bank, or a community planner can pull them up on the Web. I mean, if you can access updated maps, people can make better decisions about where they build. We just don't have that right now.

Mr. Armstrong. We have roughly 20,000 communities in the National Flood Insurance Program, and 7,000 of these communities have either outdated or unmapped areas. All of them need to be digitized so that, as the Director said, they will be more accessible, and also we can accelerate the updating process to determine how new development and new growth should occur.

Mr. Goode. Just Virginia, for instance, what percentage of Virginia is mapped sufficiently in your opinion?

Mr. Witt. A fourth, I would say.

Mr. Goode. A fourth?

Mr. Armstrong. Well, if you apply the national percentage to Virginia, most of the communities have a map, but the question is how old is the map. Some of our maps are as much as 15 or 20 years. We should be mapping every 5 years.

Mr. Goode. Do I have any time left, Mr. Chairman?

Mr. Walsh. Yes.

headquarters relocation

Mr. Goode. You made the comment that the new facility had to be in the District, and you said ``for obvious reasons.'' What are some of those?

Mr. Witt. Well, I think it is important that we be accessible to Congress and to the administration. If we are

located outside the District and in the middle of a crisis situation, with the traffic congestion that we deal with every day, it could be hours instead of minutes to be able to respond to someone.

Then, also, in our emergency operation center, we house 26 Federal agencies that work out of that center when we are facing a catastrophic disaster response. It is important that those agencies can access our location easily to respond very quickly.

Mr. Goode. So you are one that believes to some extent in closeness of the people and not rely too much on e-mail and faxes and----

Mr. Witt. Absolutely. I like to see the faces.

Mr. Goode. Thank you, Mr. Chairman.

Mr. Walsh. Thank you.

Mr. Knollenberg.

Mr. Knollenberg. Thank you, Mr. Chairman.

Director Witt, welcome.

Mr. Witt. Thank you, Congressman.

subsidized property under flood insurance program

Mr. Knollenberg. You know, after 8 years you haven't aged a bit. [Laughter.]

I think overall you have been doing the very best that you can and doing an adequate job, in some cases I would say a superb job.

Mr. Witt. Thank you.

Mr. Knollenberg. That obviously reflects on your staff, too.

Let me get into a couple things very quickly, and I want to follow up in a moment on Mr. Goode's comments about the fee. Flood insurance. There is only a handful of people that know what pre-FIRM and post-FIRM is. I am one of them. I used to sell this stuff in a prior life.

Last year you were able to tell me by virtue of your work that you had reduced the--well, the intent of Congress originally was not to subsidize, but to go to an actuarially based program. And I think you were leading into some successes along that line, which included a reduction last year from 36 percent to 32 percent. Where are you this year? What can you report in this time?

Mr. Witt. I don't think it has changed too much. Has it, JoAnn?

Ms. Howard. About 30 percent of the local business is pre-firm. The buyouts will help because they typically involve the older pre-FIRM, subsidized properties.

repetitive loss properties

Mr. Knollenberg. On the buyouts, you say that has increased to a point which alleviates some of this problem and it is apparently substantial?

Ms. Howard. Yes, sir. Under the Director's initiatives, we identified the properties from all of our flood insurance payments over the past 30 years. We now know the number of losses that properties have suffered so we can target them. We

have our repetitive loss properties identified separately now so we can monitor them more effectively.

Mr. Knollenberg. You didn't have before?

Ms. Howard. That is correct.

Mr. Witt. We pay $200 million annually in repetitive flood losses. JoAnn and her staff have identified by address all those 10,000 pieces of property. Some of them are much worse than others. JoAnn has found that we have actually paid claims equaling more than the value of the property in some cases. It just doesn't make sense to continue doing this.

Mr. Knollenberg. Absolutely not. That is one of the things that we have been driving for for years, and I hope we are going to get there.

The Flood Reform Act stipulates that if you are affected by a flood disaster once, you get Federal help. And I think you have just covered some of this with Mr. Goode. But then you are required to have flood insurance the next time, or you will not be eligible for most disaster assistance. You mentioned that they would be eligible for----

Mr. Witt. They would be eligible for temporary housing.

Mr. Knollenberg. Temporary housing. Not a Taj Mahal, but just something that--additional living expense in the policy itself----

Mr. Witt. Temporary housing for up to 3 months.

rise in flood insurance policies

Mr. Knollenberg. Oh, it is 3 months, 90 days. All right. That has been limited primarily to avoid any additional cost. I think that is ample.

Has it been your experience that the number of policies has gone up since this became law, this 1994 Flood Reform Act? Pretty substantially?

Mr. Witt. Yes, sir, as a result of the marketing campaign that JoAnn has undertaken.

Mr. Knollenberg. This is a continuation of the same one you had last year?

Mr. Witt. Yes, sir.

Mr. Knollenberg. The 1-800 number and all the rest of it?

Mr. Witt. Yes. Our goal was to get a 20 percent increase from this marketing campaign. We have actually seen more than a 20 percent increase in policies.

Mr. Walsh. Would you identify yourself for the record?

Ms. Howard. JoAnn Howard, Federal Insurance Administration. We started a new campaign in the fall, a blue and yellow flood alert caution sign. Just since the time that we began running the new commercials this spring, we have had 55,000 inquiries, and sold a substantial number of policies. We are also focusing on retention, working with write-your-own companies because, unfortunately, in some areas, after a major flooding event, people tend to let down their guard and expect that since a flood has happened, there is some equity in nature and it won't happen again there. Unfortunately, that is not the case. As North Carolina found this year, for example, there were three major flooding events within about a 4-month period.

Mr. Knollenberg. I would hope that there will come a time--and I don't know that we will see it, Mr. Witt, on your clock--

when we reduce or eliminate those subsidized policies in their entirety.

Mr. Witt. I agree.

flood hazard determination license fee

Mr. Knollenberg. It just doesn't make any sense because their taxpayer friends are paying for it, and have been paying for it by virtue of the bailout provided.

Let me go back to this fee, and several of you, I guess, have been talking about it. I am hearing from realtors and a variety of people, consumers and customers complaining about this mysterious $12 fee. It seems to me last year there was a $15 fee that was--they called a mortgage transaction fee?

Mr. Witt. Yes.

Mr. Knollenberg. Whatever happened to that?

Mr. Witt. We have changed our proposal with this other fee.

Mr. Knollenberg. Now, the confusion within the industry, within the real estate industry is that they have to charge, I guess, everyone that fee, regardless of whether they are in a mapped area of a flood-prone area. Is that not true? What is true?

Mr. Witt. It would be on each flood map determination.

Mr. Knollenberg. But you are using maps that are outdated?

Mr. Witt. Right now, many are outdated.

Mr. Knollenberg. And you want money to improve them.

Mr. Witt. Yes, we are trying to modernize all of the map inventory.

Mr. Knollenberg. This 12 bucks goes for that?

Mr. Witt. Yes.

Mr. Knollenberg. Wouldn't there--well, how successful--how quickly would you be successful if you were given the money?

Mr. Witt. We envision a 7-year program.

Mr. Knollenberg. It takes that long?

Mr. Witt. Yes, sir. We are talking about thousands of maps that need to be updated for 20,000 communities, and we are 10 years behind to start with.

Every year I have addressed as part of my testimony the importance of the flood mapping program. We estimate a $750 million cost to do this project, and we don't have the money.

I personally think if we don't do this, then we are going to continue to pay flood-related disaster costs simply because we don't have updated maps that are needed to make smart decisions about building.

need for updated maps

Mr. Knollenberg. In the meantime, what is happening here, though, is that you are charging the consumer for a product that is impure, inaccurate, and it further frustrates and compromises and, in fact, increases the problem in many ways because many of them might be obliged to--not many, but you say just those in the mapped area. But that is a pretty large portion.

Mr. Witt. Right now we spend $50 million a year out of the flood insurance policy holder fees to try to maintain flood maps, to remap as much as we can, and particularly to do new

maps that the communities have asked for.

With the level of flood claims, like the $200 million just in North Carolina alone, the Flood Insurance Program can't maintain and update flood maps.

Somebody is going to have to pay for the modernization of these maps, if we are going to have good maps. Who should be taxed with paying for it?

Mr. Knollenberg. Well, I do think that something has to be resolved here. Mr. Chairman, it appears to me that--maybe you are in a box, but when we start charging consumers for a faulty product that is outdated and basing, of course, the claim that you must buy insurance because you are in an area--and many times you are not really in a flood-prone area or in a----

Mr. Witt. Some of the flood zones have changed, you are right. We have had people request a map revision because they don't think they are in a floodplain anymore. In some cases they are absolutely correct.

Mr. Knollenberg. Does FEMA have the right to actually--isn't there a legislative process here that should be abided by?

Mr. Witt. The only way we would have the right to charge the fee is if you give it to us.

Mr. Knollenberg. That is what I mean. But that is what you are doing with this $12 add-on?

Mr. Witt. Yes.

Mr. Knollenberg. Well, I do appreciate the dilemma, but it seems to me that sooner or later we are going to have to straighten this thing out because working with faulty equipment doesn't produce the right result. I would hope that there would be some way that that would be complied with in a minimal dollar fashion. I don't know what that is, but this one is a little strange.

Mr. Witt. Let me say, Congressman, we are working with NASA and exploring new technologies to do this in a cost efficient way. We want a map modernization plan that saves money, but will produce a good product. It is very difficult.

Mr. Knollenberg. You know, some of the--I suspect lenders will still want a sheet of paper saying that the property is not in an area that is mapped, will they not?

Mr. Witt. Most likely.

Mr. Knollenberg. And I will finish with this, Mr. Chairman. I think the problem is pretty clear. The one remaining question I have is this: Is any of this process, this stumbling and struggling and the problem we have with the maps, is that preventing home ownership, any home ownership? Are people saying, hey, I have had about enough, the packet of papers, and now you have got one more you want to charge me a mysterious fee on a river that I have to fear is 50 miles away and doesn't even get this way? You know, are those the kinds of things that----

Mr. Witt. I don't think it will be a hindrance to home ownership. If you have ever sat down to do a closing on a mortgage for a piece of property and you look at the amount of paperwork that is involved, it is enormous.

Mr. Knollenberg. I may have some follow-up questions, but I will do those for the record. Thank you, Mr. Witt.

work with other agencies on flood mapping

Mr. Walsh. Mr. Hobson.

Mr. Hobson. Thank you, Mr. Chairman.

Nice to see you, Mr. Director.

Mr. Witt. Good to see you, sir.

Mr. Hobson. Even though we complain, I think you do a good job, and I have worked with you for a number of years on a number of things, and I want to congratulate you on that. And you sure have a great guy in Chicago.

Mr. Witt. I think so, too.

Mr. Hobson. I have a couple questions. You touched on one of them here. Do you want to tell us a little bit--I like when agencies work together and we don't duplicate programs. Can you tell me what FEMA is doing with NASA and other Federal agencies like DOD to reduce some of the costs in the flood map modernization?

Mr. Witt. Dan Goldin has been very responsive in working with us and trying to come up with the technology using satellite imagery developed for the new shuttle mission for the remapping. They are looking at how that would benefit us, and it has been helpful. The Corps of Engineers, of course, works well with us, as does USGS.

We just did a plot project in Louisiana using LIDAR, to give us flood elevations or ground elevations. They are still getting some bugs out of it, but I think it has huge possibilities.

I think eventually we will come up with some technology that is going to be very good. There is a company in New York State that has been working with us on their technology, and is trying to provide good sound elevation shots cheaper and faster. Getting elevation data in the most effective and efficient way has been difficult.

Mr. Hobson. I can tell you from some personal experiences, I had a property in Columbus where the flood mapping was a problem where there was a problem with insurance. And I have had constituents come to me where the maps were wrong and things had changed and people wanted to do additions to their buildings, and they were stopped from doing additions. It is a problem.

I remember when I bought my first house, I think we had a note, a mortgage, a title opinion, and a closing statement. That is all we had. And, you know, I lived in that house for a long time, then sold it and didn't have any problem. But the next closing----

Mr. Witt. It is different now.

cooperating technical communities programs

Mr. Hobson. And when you do it, it is a lot different today, and I don't know that we achieved any more or not. With that much you get in a fight. But most of the times--today you have title insurance, and nobody would close on just a letter from a lawyer anymore saying that everything was okay. But everything is the secondary--a lot of this is driven by the secondary market and selling paper.

I have just two other quick things. I am concerned about

the CTC program. We have got some places where communities can't really afford the amount of money they might have to come up with to pay half the costs in some of the--to modernize the mapping. Are there any programs to help some of these communities that can't pay anything?

Mr. Witt. Well, we have been trying to update the maps for some time, but we just do not have the money to do it. So, we are looking at some type of a user fee, for the people who use the maps. We spend $50 million a year now for flood mapping out of the policy holder fee, but if we do it right, the way it should be done, and update all the maps, you are talking about a cost of $750 million over 7 years for this program. By digitizing the inventory, we hope that in the future it will be much cheaper to maintain, and much easier to access.

We have tried our best to look at every option, but our request of $134 million includes $104 million from the map determination fee.

I wish that I could have better news for you, but it is something that has got to be done. Of course, you know how important it is.

improvements in fema's response

Mr. Hobson. I do know it is important. I am in the development business on the side, so I know.

The other thing, I just want to comment on the EMA grants, and I was surprised--but that is something I am not going to go into again, but it is a problem for States transitioning into that. But I also want to say that I think some of the things you have done at FEMA, I think FEMA is a much better agency today. I know we complain about some things, but since I have been on this committee--and I was on another committee, on an oversight committee. And I have to tell you that I think the response of FEMA today and the way it is run today is better than in all my experiences since I have been in Congress. You have had probably more major things to deal with, and I think there has been less criticism of FEMA. So I think sometimes when you--we tend to get into an adversarial position many times. That is part of our job is to kick you when we don't think you are doing the right things. But I also think we have an obligation to say that in my experience in a little place like St. Paris, Ohio, which is, you know, kind of off the charts----

They responded and they did a good job in a little community.

On the other hand, when you go in--and I have experienced some things, not in my district but before in some big places, we had huge problems in the past, and they didn't quite respond the way people thought. But I think currently you did, you have in some of these big--and we don't hear the complaints about FEMA that we heard before.

There are other things today, but the overall responses to the major disasters, you have gotten it under control. You move your equipment better than you used to. You have gotten a little better equipment, and your emergency response teams have been--that is a huge success, what you have done with those. I think I have the only on a military--that is headquartered at a

military base. But those are good things, and it seems to work well, and I want to congratulate you on that.

Mr. Witt. Thank you, sir.

Mr. Hobson. I came over--I know I was late, but I wanted to mention that to you because I think this agency for the most part has turned around in some difficult times.

Mr. Witt. Thank you, sir.

Mr. Hobson. That is all, Mr. Chairman.

hazard mitigation grant program

Mr. Walsh. Thank you.

I just have a couple of questions remaining. We are on the second round now. Regarding the hazard mitigation grant program, whenever there is a natural disaster, funds are made available to the State experiencing the disaster to finance the recovery. In addition, mitigation grants are made available for the use by the State in order to take projects with the goal of decreasing the cost of future disasters.

In your opinion, have the States been using the hazard mitigation grant funding in a cost-effective manner by addressing major problem areas? Or are the States spreading the grants too thin to satisfy local political pressure?

Mr. Witt. We ask States to develop a statewide mitigation plan to determine if they have a disaster, where they would spend the money, and what they would focus on to eliminate their greatest risk. I think they have done a really good job in that area.

Could we do more? Absolutely. Could we save future dollars? Absolutely.

Mr. Walsh. How do you get that desired result under the existing program?

Mr. Witt. I think the Stafford Act amendments that the House has already passed and that are in the Senate will help a great deal by increasing the percentage for 404 mitigation funds from 15 to 20 percent. As I have said many times, every dollar we spend now is going to save $2 to $3 in future losses. We are also going to have a better built community.

This is so important, and it is just like all of the 20,000 pieces of property we bought out through this program. Time and time again, we have seen that same property flood, but we won't spend one single dime in disaster money again on that property. The cost savings, is going to be much greater in the future.

Mr. Walsh. Your department recently instituted a policy that allows States to use up to 5 percent of its hazard mitigation grant funding for projects for which benefits are not easily determined. Are you happy with the way in which the States have been using that 5 percent allocation? Are you aware of any instances where the allocation has been used to buy furniture or refurbish offices or in other similar ways?

Mr. Witt. The money primarily has to be spent on public health and safety projects. A large part of the 5 percent has been used, I think wisely, in support of siren and early warning systems for tornadoes and hurricane warnings. In several of the States, it really did help them to get their warning systems in place. I think that is one of the reasons why we are seeing less loss of life in tornadoes than in the

past.

Mr. Walsh. Do you have a program of auditing procedures that will ensure that these funds are used properly?

Mr. Witt. Yes, sir. Gary, in his position, has set up a very good financial management system in addition to a grants management program, which is managed by Pat English. Also, our Inspector General does a good job of holding us all accountable and responsible. They are very good about being part of our management team, even though they are independent. They have done an excellent job in reviewing our progress, and making sure that we are all in compliance.

Mr. Walsh. Thank you.

Mr. Mollohan.

reaction of flood map determination firms to proposed fee

Mr. Mollohan. Thank you, Mr. Chairman.

Mr. Witt, just following up on a couple of questions about map modernization. This year's budget calls for fees on firms that use the maps. Have you worked with those firms or with the industry about their attitude regarding this proposal? And could you share with the committee what their reaction has been?

Mr. Witt. Yes, and then I will turn to Mike Armstrong.

Mike and his staff have set up many meetings with our customers and partners on this. We would not have gone forward with our proposed if they had not supported it; however, it seems as though some of them have turned around and don't support it now. So I am going to let Mike tell you what they shared with him.

Mr. Armstrong. Michael Armstrong, Associate Director for Mitigation. We have met several times specifically with the map determination community, but the larger lender community as well. I am sorry Congressman Knollenberg isn't still here because there are some significant changes from last year's fee proposal that I'd like to point out.

This year's fee, instead of being a mortgage transaction fee, would not require lenders to establish an accounting mechanism to track the fee, which they complained about last year. This year's proposal would add to a fee that is already charged.

Secondly, it would require the use of standard flood zone determination regardless of whether the mortgage is federally regulated. That was another criticism from last year that we changed in this proposal.

Thirdly, the collection would be limited to those providing map reading services, so it doesn't have the broad impact on the lending community that they objected to last year.

We have also spoken with officials at Fannie Mae and Freddie Mac who have suggested to us that we need to be looking at ways where that would have as little impact as possible on the private sector. I have asked my staff to see if we are privatizing enough on mapping activities. We already are privatizing a lot of our hydrological engineering survey activities. If there is data gathering occurring right now that we could pay for that would be cheaper than producing our own, we will look at those things. We will look at everything we can

to reduce the overhead cost.

We have done some internal reviews that have dropped $100 million off the price tag. A year ago we estimated a cost of $850 million. Now it is $750 million. We will keep doing those internal reviews as well.

Mr. Witt. We are also proposing that instead of us hiring a technical firm or engineering firm, we will work with the local community and if they have the capability to contract themselves for an engineering firm to do those maps, then we will let them do the contracting. This will save, a lot of appeals and reviews that sometimes follow when we do the maps.

Mr. Hobson. That actually happened in my community. We challenged some of these maps.

Mr. Witt. Yes. Who knows the community better than the community? Let's contract with the community, and let them do their own flood maps. Then we will review them. It will save time, save money, and probably result in more accurate maps.

Mr. Hobson. If the gentleman would yield for just one second?

Mr. Mollohan. Yes.

Mr. Hobson. And if those maps aren't accurate, I am telling you, it creates havoc on a property owner. I had a situation where a fellow owned a piece of ground, the map came out, and there was a change. Just a few feet, a foot or two, can throw you totally into a zone where you cannot add on to your existing building, which, again, could shut down the planned expansion and job creation or even continuing to operate in the existing building. So it is important that, one, it be correct and, two, we have a way to make sure within the communities that the communities understand what is happening and when it is happening, because it affects a lot of things that they do in zoning and the insurance guys.

I had another building where we transferred the ownership of the building. At the time of the transfer of the ownership of the building, it was learned that the map had changed, and suddenly we were in a zone which we didn't know we were in or we weren't in before, and the insurance rates--it affected the ability to make the sale.

Mr. Witt. Congressman, it goes back to us at FEMA pushing communities not to build or develop in the floodplain, and the community saying, where is the floodplain? Give us a good map. The floodplain does change, however.

digitizing maps

Mr. Mollohan. Well, there are at least two issues there. One is getting accurate information and getting it into the mapping process, and two is modernizing how you reference these maps and how they are accessed. And this modernization plan covers through digitization, so they can retrieve it in different ways.

Mr. Witt. Yes, sir. We want to digitize the maps, and put them on the Web where people have access to them, without having to have them mailed to them. With today's technology, we need to get into the 21st century with our mapping.

Mr. Mollohan. Is there general support for that among the mapping community?

Mr. Witt. Yes, sir. And we have digitized some maps already.

Mr. Mollohan. He is cynical. He thought these people worked themselves out of a job. [Laughter.]

Well, how are you doing with that? And how much money are you going to need for how long a period of time?

Mr. Witt. The map modernization program will be $750 million over a 7-year period.

Mr. Mollohan. And that includes digitization.

Mr. Witt. Yes.

Mr. Mollohan. Well, that is a great program, $750 million.

Mr. Witt. Over 7 years. We would take any or all of it at any time that OMB and Congress would approve it. [Laughter.]

planning for risks

Mr. Mollohan. I would like to explore with you a little bit this idea of finding the hazard zones and dealing with them. We spent an awful lot of time appropriately trying to define what is the floodplain, so that people do not locate in a place where they should not locate. The idea is to get them separated from the disaster, and have incentives and disincentives in order to enforce that idea, which you have a real expertise and familiarity with.

To what extent are those concepts of the relationship between the individuals, where they live, where they work, and where they operate, applicable to other kinds of disasters as they apparently are to floods? Because we don't talk a lot, about other kinds of disasters.

I suppose tornadoes are so random that it would be really difficult to do, but I think about earthquakes, which are pretty well defined.

Mr. Witt. Mike Armstrong and his staff in the Mitigation Directorate are working on the HAZUS modeling for earthquakes, and trying to broaden HAZUS to include the other risks in order to help communities use this as a multi-hazard modeling tool. I think it is going to be very successful. We have a timeline laid out, with release of the full HAZUS model in 2005. This will help a community a great deal, and I am very supportive of it.

Mike, do you have anything to add on HAZUS?

Mr. Armstrong. Yes. We just met yesterday, as a matter of fact, to talk about marketing the fact that we are moving into flood and not just earthquakes. This HAZUS model--it stands for Hazards U.S.--is a loss mitigation methodology that uses census data, on age of buildings, where the population is concentrated, and where you have high-risk populations like children, seniors, and people that are unable to get out of buildings. You can simulate an activity, an earthquake, a flood, a tornado, a hurricane, and predict where the high likelihood of damage would be, which would help urban search and rescue teams, help with deploying first responders, and it would also help urban planners in terms of future growth and future development.

We are working with the National Institute of Building Sciences to develop this methodology. The earthquake piece is pretty much online and being used, but we now need to expand to

flood and wind. We are also taking an overall look at the risks generally faced in the Nation, and what factors are built into the risk. which we think will help in terms of things like selecting Project Impact communities and creating hazard zones.

Mr. Mollohan. Is it appropriate to think about people removing themselves from those earthquake-prone areas, as we do with floods?

Mr. Witt. No, but, what many States and local communities have done is enforce good seismic building codes in earthquake-risk areas. You can take an older building and retrofit that old building to meet life safety codes where it will withstand a 7.0 or 6.5 earthquake. The fact is that we need to use that same analogy now through HAZUS into helping the other hazards that we face.

Seismic Safety

Mr. Mollohan. Well, I just saw on television that there was a stadium built right upon a fault.

Mr. Witt. Sure.

Mr. Mollohan. Well, why should somebody be rewarded in the case of a disaster by getting Federal money when in recent time they built a stadium right on a fault? Because we are certainly not rewarded when we build a house in a floodplain.

Mr. Witt. That is true.

Mr. Mollohan. Why shouldn't that same standard apply?

Mr. Witt. You may not believe this, but Gary used to run our earthquake program. [Laughter.]

Mr. Johnson. Well, I think from the seismic hazard perspective, Congressman, the principal thing you are trying to deal with is the building codes that deal with ground shaking. However you shouldn't be building in fault rupture zones. That is simular to being in the floodway.

Mr. Mollohan. So if people have built there and they have an earthquake, and we send them billions of dollars, shouldn't there be some rules about where they build or at least how they build, and that affect their eligibility for these millions of dollars of Federal money that we make available?

Mr. Witt. I agree with you. Absolutely.

Mr. Mollohan. Is anybody thinking about that? I mean, we are stepping up to the flood issues big time, and we are really affecting people's lives in North Carolina and Mississippi, but are we doing the same thing in earthquake-prone areas? And if not, why not? There is a lot more exposure associated with a major earthquake out there than there is with ten floods in the East.

Mr. Witt. When I was the State director in Arkansas we got seismic legislation passed for earthquake building codes, which had never been done. California probably has the best building codes and standards on earthquakes of any State in the United States right now, and they enforce the codes, which they should. What concerns me more than anything are the buildings that were built back some time ago.

Mr. Mollohan. I am not talking about that.

Mr. Witt. I know what you are talking about. I agree with you. I think there should be some similar responsibility. The earthquake faults are identified, just like the floodways were

identified.

Mr. Mollohan. Thank you, Mr. Director, thank your whole team.

Thank you, Mr. Chairman.

Mr. Walsh. Thank you.

Mr. Frelinghuysen. I would like to wrap this up at noon. You can take the rest of the time if you like.

Differences Between License Fee and Mortage Transaction Fee

Mr. Frelinghuysen. Yes, just a brief question relative to the license fees, the map determination fee, and how it differs from last year's proposal of a $15 mortgage transaction fee. Last year's $15 fee was to yield, as I understand it, $58.5 million. Is that right?

Mr. Witt. Yes.

Mr. Frelinghuysen. Does that just affect new purchases or refinancing as well?

Mr. Johnson. The mortgage transaction fee proposed last year applied to all federally related mortgage transactions.

Mr. Frelinghuysen. This year's $12 fee is to yield $104 million. Is that right?

Mr. Johnson. That is correct, Congressman.

Mr. Frelinghuysen. What different and obviously larger base is used for the lower $12 fee to yield a larger return?

Mr. Johnson. Using the modeling data that came from the Home Mortgage Disclosure Act, and we were able to estimate that there would be about 5.4 million in Federal loan originations in fiscal year 2001. We linked it to the Federal side because of the triggering mechanism to buy flood insurance. Then, also, this year's proposal applies to non-Federal transactions as well. We made an assumption there that approximately half of the non-Federal transactions might generate this fee. So we are looking at somewhere on the order of about 8.7 million loan originations times the $12 to produce $104.4 million in revenue to support the mapping.

Mr. Frelinghuysen. If that documentation exists, could we just have that for the record.

Mr. Johnson. Yes. I will definitely get it for the record.

[The information follows:]

Flood Determination Fee Revenue

The $104 million in revenue estimated for Fiscal Year is based on Home Mortgage Disclosure Act data, available on the Federal Financial Institutions Examination Council web site. These data indicate approximately 12.9 million loan originations in 1998 and 13.8 million in 1999. The percent change in housing starts for 1999 to 2000 and 2001 was used to project the percent change in mortgage originations. This projection results in 11.3 million mortgage originations in 2001. This number was multiplied by an adjustment factor of 0.77 to account for some non-federally regulated lenders choosing not to require a flood hazard determination. Thus, the estimate of loan originations generating a license fee would be approximately 8.7 million. That number multiplied by $12 yields a revenue estimate of approximately $104.4 million.

Mr. Frelinghuysen. Thank you very much.

Thank you, Mr. Chairman.

Mr. Walsh. Thank you, sir, and thank you all, and to all of your staff for the very important work that they do, thank you.

Mr. Witt. Thank you.

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